

# UNIFORM ACCOUNTING & BUDGET MANUAL 2024



Idaho Association of Counties  
**Uniform Accounting and Budget  
Manual**

*A Guide for County Officials*



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## Introduction

Uniformity within an organization (counties) and between related functional organizations within a society is vital. Standards for such uniformity are prescribed by law, by regulation, by professional standards and ethics which originate in numerous and various professional organizations and associations, by the demands of the public, particularly those providing financial resources, and by administrative and management interests.

### Law

At the revision of this manual in 2023, the fundamental legal requirements for administration, generally and fiscally, of all Idaho counties originates in the Idaho Constitution and the Idaho Code. Much of this manual gives reference to the *Idaho Code*, generally referred to as I.C., which undergoes continuous changes enacted by the state legislature. One must always be on the “lookout” for changes that are new or that have been removed because they are obsolete requirements. Of increasing importance are the legal standards and requirements of federal law. The receipt, retention, and use of federal funds by Idaho counties has brought an ever-increasing onslaught of legal requirements, rules, and regulations which may support, expand, or even contradict Idaho laws. Thus, it is important that continuing attention be given to federal laws relating to county government. It is in this area that you should continuously monitor laws, and if necessary, consult with your outside auditor.

### Rules and Regulations

While not fundamental law, per se, rules and regulations, both state and federal, take on the nature of law and are viewed and treated as if they were law. State agencies and administrative organizations generate rules and regulations, but of greater magnitude and impact are the rules and regulations promulgated by federal agencies. Rules and regulations have full force and effect of law until modified by legislation or withdrawn by the agency.

### Professional Standards

The complexities of laws, regulations, and society have demanded ever increasing attention from the professional segments of the social world and have resulted in a flood of standards being generated and prescribed by the numerous educational and professional organizations having an interest in administrative, fiscal, and reporting functions of governments. Local, state, regional and national organizations have all taken part in the generation of new and revised standards and ethics.

### Public Demands

The public is now more alert than ever and is becoming more informed in regard to governmental functions. Greater resistance to payment of taxes has placed an emphasis on the needs and demands of the public for uniform information and disclosures, and for heightened accountability by county elected officials and employees.

## Management/Administration

Accountability for action and related results demand greater attention on the part of government, management, and administration than ever before. The basic purpose of this manual is to provide better and more current data for management and administrative purposes, which is the essence of good accounting and reporting. This manual will provide some Best Management Practices, which are designed to protect the individual while improving the county's revenues, reducing its expenditures, and presenting the county's finances in an understandable way.

Although the elected clerk is the county budget officer (I.C. 31-1602), it cannot be stressed enough that in order to achieve sound fiscal management within each county, all elected officials and department heads must enter into a cooperative team effort in order to achieve satisfactory results. This manual refers to the *Idaho Code*, which explains various duties of the clerk in order to maintain financial accountability, but there are many other code references that also pertain that are often times not thought about.

A few examples are:

- I.C. 31-802 gives the duty to the board of county commissioners to supervise all county officers;
- I.C. 31-810 gives the board of county commissioners the duty for payment of all claims;
- I.C. 31-1605 authorizes the board of county commissioners to set and adopt the final budget for the entire county;
- I.C. 31-2101 refers to the duties of the treasurer, and in layman's terms, designates them as the banker for the county and they are the only one authorized to have a checking account;
- I.C. 31-2207 states the duties of a sheriff, which include collection of money;
- I.C. 31-2202 instructs the sheriff to turn over all monies owed the county.

This manual provides evidence of the self-governing standards sought for Idaho counties in order to avoid any externally imposed restrictions that may be imposed by federal agencies.

## Organization of Manual

The organization of this manual and its specific contents are not intended to be static, nor can they be in this ever-changing society. The intent is to provide the most current uniform standards and guidelines in sufficient detail to permit their application at county levels. This format will permit updating, correcting, or revising as circumstances change.

## Chapter 1: County Budget Cycle

Although Idaho counties operate on an October 1-September 30 fiscal year, the budget cycle actually begins in April of the previous budget year and ends no later than the first Monday in November of the next budget year. Some of the important dates in the budget cycle are as follows. It should be noted that any function can be performed prior to the deadline.

**First Monday in May.** On or before this date, the county budget officer (i.e., the county auditor) shall notify, in writing, each county official that they need to file an estimated itemized revenue and expenditure budget on forms supplied by the county budget officer. (I.C. 31-1602)

**Third Monday in May.** On or before this date, county officials are to file their itemized estimate of revenues and expenditures with the county budget officer. The budget officer then begins preparation of the preliminary county budget for the ensuing fiscal year. Failure to submit their estimates may invoke a fine or restrict opportunity of the official to participate in the process. (I.C. 31-1602, 31-1603)

**First Monday in August.** By this date, the county budget officer must have prepared a preliminary budget for the ensuing year, using the county official's estimates, and submitted it to the board of county commissioners. By the first Monday in August the county commissioners shall convene to consider this proposed budget in detail, make alterations in the amounts, and agree upon a tentative amount to be appropriated for the ensuing fiscal year for each county department. (I.C. 31-1604)

**Third Week in August.** The county budget officer, by this date, must have published the tentative budget and informed the public that the board of county commissioners would hold a public hearing on or before the Tuesday following the first Monday in September to consider and fix a final budget. (I.C. 31-1604)

**On or before the Tuesday following the first Monday in September.** The board of county commissioners begins public deliberations on the final budget. The hearing may continue from day to day until concluded, but must be concluded by the second Monday in September. Upon the conclusion of the hearing, the county commissioners shall fix and determine the final budget, which in no event may be greater than the amount advertised, and shall adopt the new budget by resolution. (I.C. 31-1605)

**Third Monday of September.** Tax levies must be approved by board of county commissioners and delivered to state tax commission no later than the third Monday in September. (I.C. 63-808)

**September 30/First Monday in November.** The county fiscal year ends September 30. All appropriation accounts lapse at the end of the fiscal year, but remain open for the payment of

claims incurred prior to the close of the fiscal year until the first Monday in November, except for appropriations for incomplete improvements. (I.C. 31-1609)

**October 1.** The county fiscal year begins on this date, as do the city and federal fiscal years. The state, however, operates on a July-June fiscal year. (I.C. 31-1601)



## Chapter 2: County Budget Process

It is important for county budget officers and commissioners to understand that a budget must be prepared for each individual county fund. It is not legal to prepare a budget that lumps all county revenues and all county expenditures into a single fund. It is also not legal to transfer money from one fund to another, except as authorized by specific statutes. Nor is it legal for officials to spend more money out of any fund than has been authorized by the board of county commissioners. County officials and department heads must also understand that remaining cash balances residing in any fund can only be spent as authorized by the board of commissioners through the formal budget process.

Before the budget process begins, budget officers and boards of county commissioners should have a good knowledge of the sources of money and types of expenditures in each county fund. The titles and descriptions of these funds are provided in Chapter 3. The county budget officer must work closely with the county commissioners to be sure that all statutory deadlines are met and levy rates certified to the state tax commission by the third Monday in September, unless a 7 working day extension has been granted by the county commissioners (I.C. 63-803(3)).

### Expenditures

The county auditor is responsible for asking county departments to file an itemized estimate of revenues and proposed expenditures on forms furnished by the county auditor (I.C. 31-1602). The county budget officer must send budget forms to each county department by the first Monday in May. Completed budget requests must be returned to the county budget officer by the third Monday in May. Since two weeks may not provide enough time for departments to complete their budget requests, most auditors distribute the budget forms before the first Monday in May, but after the second Monday in April.

After the county budget officer receives the budget requests, the officer must prepare and submit to the board of county commissioners “a suggested budget of said county for the ensuing fiscal year” (I.C. 31-1603). The budget is to show the complete financial program for the county for the ensuing fiscal year, including all contemplated expenditures and sources of revenues. The proposed expenditures are to be listed by fund and divided into *Salaries*, *Benefits* and *Other Expenses* (I.C. 31-1602). The budget is to compare the requested expenditures for the ensuing year with the expenditures of the two previous fiscal years, and of the current fiscal year through the second Monday in April. State law also requires the county budget officer to list revenues by fund and to show the amount of fund balance to be used. It is important to note that the suggested budget prepared by the budget officer, must balance, meaning that total revenues must equal total expenditures, by fund. The itemized estimate of revenues and proposed expenditures submitted by the county departments, represents estimates at the department level and may not be balanced.

After the county budget officer has reviewed the budget requests prepared by the county departments and offices, the officer then prepares a recommended (suggested) budget that is completely balanced with revenues equaling expenditures. This may require extensive reductions of requested amounts.

Once the county budget officer has submitted the draft budget, the usual practice is for the budget officer and the board of county commissioners to have one or more budget work sessions. Some counties have a session with all affected departments in attendance, while others schedule times for individual departments to meet with the commissioners. The timing of these sessions varies. Some counties hold work sessions in June, while others meet with individual officials and departments in July or August.

Not later than the third week in August, the county budget officer is required to publish in the official newspaper the amount proposed to be appropriated to each county office and department for the ensuing fiscal year for salaries, benefits, and details of other expenses, together with the amounts expended in these classifications for the two prior fiscal years (I.C. 31-1604). The notice in the newspaper must also contain the amount of anticipated revenue from property taxes and other sources, and the date that the board of county commissioners will meet to consider and fix the final budget.

The public hearing on the county budget must be held on or before the Tuesday following the first Monday in September (I.C. 31-1604/1605). At the public hearing, any taxpayer may appear and be heard on any part or parts of the budget. To assist the board of county commissioners in conducting the hearing, the county budget officer may prepare charts or handouts explaining the proposed budget. At the conclusion of the public hearing, which may continue from day to day, but must be concluded by the second Monday in September, the board of county commissioners must fix and determine the amount of the final budget for each department and office and shall adopt said budget by resolution. The adopted budget cannot be greater than the amount advertised, nor include an amount to be raised from property taxes greater than the amount advertised.

The following information may be of assistance to county auditors or boards of county commissioners in reviewing the budget requests of county offices and departments. The following sections are divided into *Salary and Wages*, *Benefits (including Employer Taxes)* and *Other Expenses* as budgets are divided according to law.

### Salaries and Wages

The board of county commissioners has sole authority to determine the salaries for county officials and employees (I.C. 31-816). In reviewing the salary budget of county departments and offices, the county budget officer may wish to check the following:

Do the salaries of other county officers and employees requested for the ensuing year follow established county personnel procedures and standards?

- a. There must be some equitability of the pay between employees with the same general level of responsibility and the same number of years of experience. If one county office is requesting pay raises for all employees and another is requesting no raises, then some inquiry should be made about whether these are justified in terms of the level of responsibility and experience of the employees involved.

b. If a county is on a step and grade pay plan, the county should have sufficient salary information on each employee to allow the county budget officer to compute the next year's salary for each employee.

c. If a county is on a merit-based pay plan, the county should have sufficient salary and performance information on each employee in order to compute the salary each employee should receive next year.

Is it desirable to provide a general salary increase for all county employees? A general salary increase is usually an across-the-board increase applied to all departments. It is inequitable to give such an increase to one department and not to another. While the board of county commissioners will make the final decision about whether a general salary increase is provided, the county budget officer may wish to get information about cost of living increases and about salary levels in comparable counties. The IAC annual salary survey is a good source of salary information and the Idaho Department of Labor maintains Consumer Price Index (CPI) data on their website.

If the board of county commissioners provides for an across-the-board salary increase, the effect of this on each county fund must be calculated. It is important to compute the amount of the salary increases by fund as well as the associated increased costs of benefits and payroll taxes.

Is it necessary to continue to budget for vacant positions that have not been filled for at least three months? The county budget officer may wish to find out whether the vacant position is really needed by the county office or department requesting funds for the position.

Are all new positions requested by county offices and departments necessary? Funding a new position requires a large expenditure not only to fund the salary, but also to fund the associated costs for taxes, benefits, supplies, equipment, and other costs. The county budget officer may wish to find out the exact reasons the positions are being requested and may also wish to ask the following questions:

a. Have the costs of personnel benefits (such as health insurance, PERSI retirement, disability insurance, etc.) been calculated and included in the budget?

b. Has an estimate of the supplies the new employee will need been included in the budget?

c. Will the employee be doing any traveling or using county cars and what will be required for education and/or training? If so, have these costs been included in the budget?

d. Will the employee need a desk, chair, computer, or other office equipment? If so, have these expenses been included in the budget?

- e. Will additional office space, an additional telephone and any other added expense be required? If so, how much will this cost?

If your county is on a step and grade pay plan, you may wish to have the following information listed for each county employee for use in the budget process:

- a. Name of employee
- b. Title or position
- c. Your county's grade table and pay rate schedule.
- d. Anniversary date (date that employee is eligible to receive next highest step, some counties set salaries just once per year)
- e. Number of months employee will work next year
- f. Whether the employee will work full-time, part-time or seasonal. If employee will work part-time, the approximate percent of the time the employee will work.
- g. For a full-time, 12-month employee, this salary will be the current annual salary of the employee plus a rate increase for the portion of the year the employee will be at the next higher rate. For example, Jane Jones currently may be at rate 5 step 2, earning \$29,800 per year. After six months next year, she will move to rate 5 step 3, earning \$30,600 per year. Her salary for the first six months of the year will be \$14,900 and her salary for the last six months will be \$15,300. You should enter \$30,200 for her salary for next year.
- h. Cost of Living Adjustment (COLA). This space will be left blank until the board of county commissioners determines how much, if any, the COLA will be.
- i. Final salary for next budget year. This space should also be left blank until the board of county commissioners acts on salary increases.
- j. For counties paying bi-weekly, approximately every 10 years, you will need to budget for a 27<sup>th</sup> payroll in your fiscal year.

### Benefits and Taxes

Personnel benefits and taxes are provided as part of the conditions of employment and include employer contributions to social security, PERSI retirement, unemployment, worker's compensation and other insurances. The most accurate means of computing these costs is to calculate the costs for each person and then total each category. Some useful suggestions in computing benefits and taxes are as follows:

**Social Security & Medicare.** All employees have a percent of their gross wage, up to a maximum limit, withheld from their payroll checks for social security and Medicare tax each year. The county matches the amount paid by the employee.

**Employee Retirement (PERSI).** Counties pay a percent of the salary of each eligible employee to the state retirement system. This percentage is subject to change. The Public Employee Retirement System notifies counties well in advance of any rate changes. Employees have a percent of gross payroll withheld from their checks which is also deposited into PERSI for their retirement. This percentage is set by law and may also be changed. The percentages for law enforcement/fire

officers is higher than the percentages for other county employees, because these employees can retire at a younger age.

**Worker's Compensation.** The rates charged by the State Insurance Fund for worker's compensation are determined according to the type of work performed by each employee, the associated risk of that work, and the accident record of the county. The rates are subject to change each year and are effective January 1.

**Health, Accident, and Life Insurance.** Counties may provide health, dental, vision, accident, life and/or other insurances. The insurances offered and vendors utilized are determined by the board of county commissioners.

**Unemployment Insurance.** Counties either pay a rate calculated on gross payroll, or choose the "reimbursable" option, which means they reimburse the State Insurance Fund for the county's share of any unemployment insurance payments made to former employees. IAC, in conjunction with Employer Advocates, provides a program designed to ease the burden of required state unemployment insurance, including premium stabilization, claim audits, pre-separation consultation, claims management and monthly charge audits.

### Other Expenses

**Supplies.** In reviewing the budget needs for supply items, the county budget officer will have expenditures for part of the current year, plus the two previous years. Since the county's fiscal year begins October 1, it's helpful for the budget officer to have a record of expenditures for the ten-month period beginning October 1 and ending July 31. With a ten-month expenditure record, it is possible to estimate with greater accuracy the anticipated expenditures for supplies for the entire year. For example, if a county department spent \$2,000 for office supplies in the first ten months of the fiscal year, one might estimate expenditure of \$200 a month for each of the remaining two months, or \$2,400 for the year. Adjustments will need to be made, however, for seasonal patterns in purchasing. The county highway department, for example, may do most of its purchasing in the late spring and summer.

Once you have estimated what a particular county office or department will spend in the current year, you can compare this against what the county office or department has requested for the next fiscal year. However, you will probably wish to make allowance for two types of cost increases for next year: (1) Inflationary increases in costs; the effect of inflation on budget costs varies from year to year; and (2) Increase in workload or personnel (if an increase in prisoners is expected, an increase in the budget for food for prisoners would be allowable; if a new janitor is employed, an increase in janitorial supplies would be defensible).

**Other Services and Charges.** Chapter 4 of this manual provides general definitions for several types of other services and charges that might be used by Idaho counties. The following list provides a few examples of specific line item expenditures:

Postage

Telephone and communication

Utilities	Education
Supplies	Freight
Publication & Advertising	Travel expense
Professional services	Dues and membership
Custodial and cleaning services	Repair and maintenance
Contracts	Miscellaneous

In reviewing the needs of county offices and departments for these items, it is helpful to have estimates. It is also helpful to have a tabulation, which compares the past two years' expenditures on these items with the expenditures of the fiscal year to date and the budget request for the ensuing year. If you knew, for example, that a county department was requesting \$5,000 for utilities for the next fiscal year and you estimate they will spend \$3,800 for utilities this fiscal year, you can ask for an explanation. If the explanation given is price increases in light and heat, you can contact local utilities to get their estimates of how much prices will increase.

### Capital Outlays and Annual Contracts/Leases

Capital outlays may include the following items:

Land	Building and structures
Improvements other than buildings	Art and historical treasure
Vehicles & Equipment	Office equipment
Construction projects	Infrastructure

If the county does the construction itself, the cost elements should be classified under the regular object accounts, i.e., personnel costs should be classified under salaries and wages, materials should be charged to supplies, repairs, maintenance, etc. A request for land should be closely scrutinized to be sure the amount budgeted is realistic in view of the market value of the land sought. Requests for funds to construct a building or other structure should be supported by realistic architectural or engineering estimates.

Requests for vehicles and equipment should be reviewed to determine whether they are realistic and needed. Vehicle requests should be accompanied by a list of all accessories and components needed for the vehicle to be used for its intended purpose.

The county budget officer should review the file containing all annual contracts and long-term leases to be sure they are budgeted for and to review for any potential increase in fees.

### Revenues

Revenue estimates are a very important part of the county budget. If the estimates are too high, the county will probably receive less money during the year than budgeted to spend. The county may then need to borrow additional funds or run out of funds for existing services or projects. If the estimates are too low, the county will probably receive more money than it spends, while having to defer needed expenditures and capital projects. The main revenue sources are listed below. Some revenues are fund-specific, while other revenues can be used wherever needed.

## Revenue Sources

Property taxes	Assessment and collection cycles
State sales tax apportionments	State liquor apportionments, incl. portion to Magistrate
Payment in lieu of taxes	Highway user fund allocation
Motor vehicle and driver's license fees	Boat and snowmobile registration fees
Alcoholic beverage licenses	Inheritance tax
Court revenues	Planning & Zoning: building permit fees, legal fees
Fees for other county services	Solid waste fees
Timber receipts or P.L. 106-393	9-1-1 fees
ITD HB 772 + TECM distribution	Indigent reimbursement
Grants	Interest earnings on portfolio investment
Contracts	State Indigent Defense distribution (2023/2024 only)

I.C. 31-1605A authorizes counties to accumulate fund balances at the end of a fiscal year and carry over such fund balances into the ensuing fiscal year sufficient to achieve or maintain county operations on a cash basis. Funds are carried forward by resolution of the board of county commissioners and used as additional appropriations in the new fiscal year.

## Estimating Revenue

The process of estimating revenues varies, to some extent, with each type of revenue. Generally, there are five methods used for most estimates.

**Exact Calculation.** You know, for example, the hanger rental charge per month at the county airport. Multiply the monthly charge by twelve to estimate revenue from this source for the next year.

**Prior Year Actual.** A county budget officer may take the position that the revenue from a particular source changes from year to year and that it is important not to overstate revenue. The budget officer may look at the actual collections for the last three completed fiscal years and use the lowest amount for the estimate for the next year, or the budget officer may just use the actual figures for the last completed fiscal year for the estimate.

**Current Year Estimates.** Some county budget officers make their first revenue estimates after completion of the first nine or ten months of the fiscal year. They take the actual amount received to date, plus an amount estimated to be collected before the end of the fiscal year, and use the projected total for the next year's revenue estimate. Budget officers using this method must take into account the cyclical and seasonal cycles that affect many revenue sources.

**Current Year Estimate Plus a Percentage Increase.** Some county budget officers make an estimate of the current year's income from a revenue source and then add a small percentage increase based on anticipated growth. For example, a county may wish to add a 3% increase to the current sales tax estimate based on anticipated increase in sales tax. Or, a county might anticipate a 5% increase in building and add a 5% growth factor to anticipated building permit receipts.

**Carry Over.** A portion of next year’s budget may be funded by a portion of the current year’s estimated year-end fund balances. One method of arriving at this estimate is to begin with the current fund balance (i.e. as of July 1) and then add an estimate of revenues for the fourth quarter and deduct the unspent budgeted expenses. The result is an estimate of the year-end balance for each fund. Some budget officers refine this number by estimating, or asking department officials to estimate, how much of a department/fund budget will not actually be spent and then factoring in that amount. A portion of the estimated year-end fund balance should be “reserved” to cover first quarter expenses of the subsequent year in order to provide sufficient cash flow until the first half taxes are collected. The “unreserved” amount may be used as carry over to fund next year’s budget. (I.C. 31-1605A)

**Property Taxes.** Property taxes are the single largest revenue source for most counties. Estimating the anticipated property tax collection amount is discussed in detail below. However, it’s important to understand the tax collection cycle and its impact on a county’s cash flow. First half taxes are due by December 20 while second half taxes are due June 20. The tax collection cycle may require delaying some major purchases until later in the fiscal year. It is important to make allowance for the fact that some property taxes will not be collected the year they are due. However, if prior years’ tax charge collections are not budgeted for, the cash flow from collections on these prior year charges will likely cover any shortfall in the current property tax year.

The Idaho State Tax Commission sponsors an annual budget and levy training by region throughout the State, typically in the month of May. The training includes coverage of any legislative changes from that year’s session, as well as a thorough review of the property tax budget components and levy rate calculations.

### Property Tax Limits

County funds receiving property taxes generally have a single property tax levy, with a levy limit set by law. It is very important for county officials to be aware of statutory levy limits since they restrict the tax dollars available.

For example, the levy rate for a county’s general/current expense fund cannot exceed .0026 (\$260 per \$100,000). This statutory limit can cause a funding shortfall, depending on property assessed values and the amount of budget dollars desired. To help alleviate the shortfall, many counties have established justice funds (I.C. 31-46), which provide increased taxing authority for specific services otherwise paid out of the general/current expense fund. A list of maximum statutory levy rates can be found in the Appendix.

The Idaho legislative session of 2021 made significant changes to property tax law, including a percentage cap of 8% (in some cases 9%) and a change in the levy rate calculation to be applied to new construction values. An initial 3% growth factor in budget, still remains in place. The three percent (3%) growth is calculated using the largest amount levied during the three tax years preceding the current tax year, plus the amount of revenue that would be generated by applying a Preliminary Levy Rate against the market value subject to taxation resulting from new construction and annexation.



The *grand total* of property tax dollars potentially available for the county budget growth is constrained by I.C. 63-802 (~~3% cap~~). However, statutory levy limits will constrain the amount of property tax dollars available for each *specific fund*. Both limitations must be kept in mind during the budgeting process.

I.C. 63-802 does provide a few exceptions to the budget growth limitation, including I.C. 63-802(3), which allows a simple majority of voters to approve a two-year override of the budget cap, provided it does not exceed the statutory levy limit. Exceptions are also available for voter-approved bonds, plant facilities levies and other voter-approved levies (such as a permanent override which requires a 66 2/3% majority).

The State Tax Commission provides budget and levy training for counties and taxing districts each spring, which county budget officers and commissioners are encouraged to attend. The Tax Commission also provides forms that must be completed by every taxing district requesting property tax dollars. State statutes specify the processes and deadlines that must be observed by every taxing district in order to adopt a budget and collect property taxes.

### Calculating Property Tax Limits

The following four factors must be considered in order to calculate a taxing district's maximum allowable property tax budget. The *L2 (Excel) Workbook*, has been developed by the State Tax Commission to facilitate this calculation, as well as all other aspects of determining the statutory maximum budget growth and levy calculations. Most county budget officers complete the *L2 Workbook* in early June in order to learn the estimated amount of property tax potentially available for the ensuing budget year. It is up to the board of commissioners, however, to decide how much property tax will actually be levied.

**3% Growth Factor (I.C. 63-802(1)(a)(i)).** The State Tax Commission calculates the allowable 3% budget increase for every taxing district and provides an annual report titled *Maximum Budget & Foregone Amount Worksheet* which is posted to the State Tax Commission website. In addition to the 3% increase calculation, the report contains information about foregone amounts, and property tax relief amounts. This information should be used to complete the *L2 Workbook*.

**New Construction Roll (I.C. 63-301A and I.C. 63-802(1)(a)(i)).** *New construction* refers both to new buildings and to increased land values resulting from changing land use, such as the conversion of agricultural land to subdivision lots. The assessor provides the new construction roll to the auditor by the first Monday of June. The amount provided by the county assessor is reflected at a net 90% of the total new construction, as required by I.C. 63-301A(3). A preliminary levy rate is then calculated, based on the most current taxable market value except that centrally assessed operating property valuation from the preceding year may be used. The preliminary levy rate is then applied against the new construction value. The result is the amount above the 3% limit that is available to the county or taxing district as a result of new construction.

**Annexation (I.C. 63-802(1)(a)(i)).** The preliminary levy rate is also applied to 90% of the value of annexation during the previous calendar year, as certified by the county assessor.

### **Recovering and Reserving Foregone Amounts (I.C. 63-802(1)(e)(i)-(iii) and I.C. 63-802(f).**

Forgone is created when less than the maximum allowable increase in the dollar amount of property tax is used for budget purposes. A taxing district may, in any following year, "recover" forgone amounts subject to requirements and restrictions. The district must: notice its intent to recover the amount of forgone being used in the proposed budget, hold a public hearing (that may be done in conjunction with its annual budget hearing), and approve a resolution of the amount of forgone increase being budgeted (I.C. 63-802(1)(e)(i)). If the forgone amount is for the purpose of maintenance & operations, the forgone amount may increase the district's budget no more than 1% (I.C. 63-802(1)(e)(ii)). If the forgone amount is for the purpose of capital projects/projects, the forgone amount may increase the district's budget no more than 3% (I.C. 63-802(1)(e)(iii)).

If a district elects to budget less than the maximum allowable increase in the dollar amount of property taxes, the district must "reserve" all or a portion of the difference in order for it to be used in a future year(s). To reserve forgone, a district must: give notice of the intent to reserve forgone, hold a public hearing (that may be done in conjunction with its annual budget hearing), and adopt a resolution specifying the dollar amount of property taxes being reserved. The resolution to reserve forgone may be adopted in conjunction with the public hearing (I.C. 63-802(1)(f)), or at a later date, but must be approved and submitted to the State Tax Commission by December 31<sup>st</sup>.

### **Budget Implementation**

- Collaborate, cooperate and communicate with all department heads and/or elected officials.
- Review expenditure and revenue reports at least monthly.
- Comply with authorization for counties to operate on a cash basis, including a resolution of such. (I.C. 31-1605A)
- County officials and employees are limited in making expenditures or incurring liabilities to the amounts appropriated in the three general classes of *Salaries, Benefits, and Details of Other Expenses*. However, the board of county commissioners may revise appropriations by transfer, provided a resolution is formally adopted by the board at a regular or special meeting (I.C. 31-1606).
- County officials and employees are limited in making expenditures or the incurring of liabilities to the amounts in county appropriations with exception of the Road and Bridge department "B" budget. After a final budget is adopted, no salary may be increased without resolution of the board of county commissioners. (I.C. 31-1606)
- Expenditures made or liabilities incurred in excess of budget appropriations shall not be a liability of the county but of the responsible official. (I.C. Sections 31-1607)
- Comply with annual budget procedure to reflect unanticipated revenues from the federal and state government, if funds need to be spent in current fiscal. Otherwise, can be held over for next budget year (I.C. 31-1605) provided there is no increase in anticipated property taxes.

## Chapter 3: Fund and Account Descriptions

### Funds

**911 Emergency Communications.** The fund established to finance initiation, maintenance and enhancement of consolidated emergency communication systems. (I.C. 31-4804)

**Agency.** Funds used to account for assets held in a trustee capacity by a government as an agent for individuals, private organizations or other governments and/or other funds.

**Airport.** The fund established to make necessary expenditures for the purchase or operations, etc. of an airport. This fund may be classified as a special revenue fund or as an enterprise fund. (I.C. 21-404; Max Levy Rate: .0004)

**Ambulance.** To establish an ambulance service in areas where no ambulance service is reasonably available. (I.C. 31-3901; Max Levy Rate: .0002) (NOTE: An Ambulance Taxing District established per I.C. 31-3908 may have a Max Levy Rate of .0004.)

**Appraisal (Revaluation).** The fund established to provide a continuing program of valuation of all taxable properties. (I.C. 63-314; Max Levy Rate: .0004)

**Armory Construction.** The fund established to secure funds for the construction, maintenance, repair, alteration and rehabilitation of armories. (I.C. 46-722; Max Levy Rate: .0002)

**Bond Redemption.** The fund established to meet the debt service requirements for the current year on any unpaid bonds issued by the county. (I.C. 31-1903, 63-805)

**Building Construction.** Requires that a special election be held to create this fund and must pass with a 2/3 majority. (I.C. 31-1008; Max Levy Rate: .0006)

**Burn Seeding.** The fund established to provide for reseeding of burned areas. (I.C. 38-509; Max Levy Rate: .0002)

**Capital Projects.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Community College.** The fund established to pay tuition for out-of-district Idaho students who are also residents of the county. (I.C. 33-2110A; Max Levy Rate: .0006)

**Court Trust.** Accounts for monies held by the Court to be returned to the depositor or distributed by a Court order.

**Court Facilities.** The fund established for construction/remodeling of court facilities, as defined within I.C. 31-867(3).

**Debt Service.** The fund established to account for the accumulation of resources for, and the payment of, general long-term principal and interest debt.

**District Court.** The fund established to pay for all court-related expenditures. I.C. 31-867(2) provides for a limitation of the District Court fund balance. (I.C. 31-867; Max Levy Rate: .0004)

**Enterprise.** Funds established to account for operations financed and operated in a manner similar to private business enterprises.

**Fair/Exhibits.** The fund established for the purpose of collecting, preparing and maintaining an exhibition for the products and industries of the county at any domestic or foreign exposition, and for the purpose of encouraging immigration and increasing trade of the products of the state of Idaho. (I.C. 31-823; Max Levy Rate: .0002)

**Fair Grounds & Building.** The fund established for the purpose of purchasing a site, grounds or park on which to hold public fairs or exhibitions and to erect and maintain buildings on fair grounds. (I.C. 31-822, 22-206; Max Levy Rate: .0001; combined total of levy for Fair/Exhibits & Fair Grounds cannot exceed .0002)

**Fish Hatchery.** The fund established to provide for the artificial propagation of game fish and the distribution and planting of fish. (I.C. 36-1702; Max Levy Rate: .00005)

**General (Current Expense).** To account for resources traditionally associated with governments, which are not required to be accounted for in another fund. (I.C. 63-805; Max Levy Rate: .0026) If there exists a Justice Fund, the maximum levy rate is 0.002. General funds are permitted to establish a contingency amount as defined and calculated under I.C. 31-1605.

**Health District.** The fund established to be expended solely and exclusively for preventive health services by district boards of health. (I.C. 31-862; Max Levy Rate: .0004)

**Historical Societies.** The fund established to support county or local historical societies, museums, historical restoration projects, and development of historic sites. (I.C. 31-864; Max Levy Rate: .00012)

**Hospital Operation.** The fund established for the maintenance and operation of a county hospital. (I.C. 31-3613; Max Levy Rate: .0006)

**Ignition Interlock Device.** The fund established to purchase ignition interlock or electronic monitoring devices and funded by specific court fines and fees. (I.C. 18-8008, 18-8010)

**Indigent (Charity).** Effective in county fiscal year 2023, there is no longer a levying authority for this fund. Beginning April 1, 2022, all emergent medical care and needs of indigent persons was assumed by the State of Idaho. Many counties also used this fund to levy for indigent public defense services. Beginning July 1 of the state fiscal year 2023, the funding of indigent public defense services shifted to the State of Idaho with counties receiving quarterly payments of a formulaic cost of public defense. The State of Idaho intends to also shift the administration of indigent public defense from the counties to the Public Defense Commission.

**Information Technology.** The fund established to account for all expenditures concerning computers, servers and other information technology equipment.

**Internal Service.** A fund used 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.

**Justice.** The fund established to account for those county services related to law enforcement and justice responsibilities. (I.C. 31-4603, I.C. 63-805; Max Levy Rate: .002) Justice funds are permitted to establish a contingency amount as defined and calculated under I.C. 63-805(2).

**Museums.** The fund established to maintain and protect a county museum and property. (I.C. 31-4706; Max Levy Rate: .0003)

**Parks and Recreation.** The fund established for the purpose of acquisition, maintenance, and operation of public parks and public recreation facilities. (I.C. 63-805; Max Levy Rate: .0001)

**Pest Control.** The fund established for the purpose of extermination of pests. (I.C. 25-2602; Max Levy Rate: .0002)

**Road and Bridge.** The fund established to provide for construction and maintenance of county highways and bridges. (I.C. 40-801(a); Max Levy Rate: .002, is shared with cities)

**Road, Special.** The fund established to provide for bridge maintenance and construction, matching federal and state highway funds, secondary highway construction, secondary highway maintenance and improvements, and maintenance during an emergency. No part of this fund shall be apportioned to any incorporated city. (I.C. 40-801(b); Max Levy Rate: .00084)

**(Road) Joint County Bridges.** The fund established to provide for the construction and maintenance of bridges that benefit more than one county. (I.C. 40-807; Max Levy Rate: .000024)

**Snowmobile.** The fund established to help maintain snowmobile trails, plowing and maintaining snowmobile parking areas and facilities, and trail signs. (I.C. 67-7106)

**Solid Waste Disposal.** The fund established to establish, operate and/or maintain solid waste disposal facilities and systems. (I.C. 31-4404; Max Levy Rate: .0004)

**Special Revenue Funds.** Funds used to account for the proceeds of specific revenues (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. Also called dedicated funds.

**Taxing District.** Special (agency) funds serving as clearing accounts for monies collected for special taxing districts and disbursed to the taxing districts each month.

**Tort.** The fund established to pay for insurance premiums or provide for a comprehensive insurance plan and to pay tort claims or judgments. (I.C. 6-927, 6-928; No Levy Limit)

**Trust.** Funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds (i.e. Auditor's Trust, Recorder's Trust).

**Veterans' Memorial Construction.** The fund established to help construct servicemen memorials. (I.C. 65-104; Max Levy Rate: .00005, not to exceed 1/3 of cost of construction)

**Veterans' Memorial Maintenance.** The fund established to help maintain servicemen memorials. (I.C. 65-103; Max Levy Rate .0001)

**Warrant Redemption.** The fund established for the redemption of outstanding county warrants. (I.C. 63-806, 31-1507, 31-1608; Max Levy Rate: .002)

**Waterways/Vessel.** The fund established to promote water safety and for waterways improvements. (I.C. 57-1501, 67-70)

**Weed Control Fund.** The fund established to control and eradicate noxious weeds. (I.C. 22-2406; Max Levy Rate: .0006)

## Asset Accounts

### Current Assets

**Accounts Receivable.** Amounts owing on open accounts from private persons, firms, or corporations for goods and services furnished by a governmental unit (but not including amounts due from other funds or from other governmental units). Although taxes and assessments receivable are covered by this term, they should be recorded and reported separately in Taxes Receivable and Special Assessments Receivable accounts.

**Accrued Interest Receivable.** The balance of accrued interest earned but not received on savings accounts, notes receivables and investments.

**Allowances for Uncollectible Accounts (Credit).** That portion of the accounts receivable which is estimated to be uncollectible. The account is shown on the balance sheet as a deduction from the accounts receivable to arrive at the net accounts receivable.

**Cash.** Comprises currency, coin, checks, postal and express money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian of cash, or demand deposits with financial institutions. Cash equivalents are short-term highly liquid investments, generally with an original maturity of less than 90 days, including treasury bills, commercial paper and money market funds. This account includes certain securities (e.g., treasury bills) that are classified as investments in the notes of the financial statements to disclose credit and market risks.

**Cash with Fiscal Agent.** Deposits with fiscal agents, such as commercial banks, brokers, etc. for the payment of matured bonds and interest.

**Due from Other Governmental Units.** Amount due from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another governmental unit.

**Due from Other Funds.** An asset account used to indicate amounts due from a particular fund by another fund, in the same governmental unit, for goods sold or services rendered. This account includes only short-term obligations on open account and not long-term loans.

**Estimated Uncollectible Taxes - Current (Credit).** That portion of current taxes receivable which is estimated will never be collected. The account is shown on the balance sheet as a deduction from the Taxes Receivable - Current account in order to arrive at the net current taxes receivable.

**Estimated Uncollectible Taxes - Delinquent (Credit).** That portion of delinquent taxes receivable which is estimated uncollectible. The account is shown on the balance sheet as a deduction from the Taxes Receivable - Delinquent account to arrive at the net delinquent taxes receivable.

**Inventories.** The cost value of materials and supplies on hand. This account is generally used for an enterprise fund, but may be used in any fund for which its value is significant.

**Inventory for Resale.** The value of goods held by a governmental enterprise for resale rather than for use in its own operation.

**Investments - Current.** Securities that are expected to be held for less than one year and that generate revenue in the form of interest or dividends. This account includes certain securities (e.g., certificates of deposit) that are classified as deposits in the notes for the financial statements to disclose credit and market risks and may also include investments evidenced by a contract.

**Investments - Noncurrent.** Securities and real estate that are held for more than one year and that generate revenue in the form of interest, dividends, rentals or operating lease payments. This account does not include real estate used in government operations. This account includes certain securities (e.g., certificates of deposit) that are classified as deposits in the notes for the financial statements to disclose credit and market risks and may also include investments evidenced by a contract.

**Notes Receivable.** An unconditional written promise, signed by the maker to pay a certain sum of 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 governmental unit as designated payee or by endorsement.

**Penalties Receivable - Delinquent.** Penalties, which attach to taxes at the time they become delinquent. Separate accounts for delinquent penalties receivable may be established by year.

**Petty Cash.** A sum of money set aside for the purpose of making change or paying small obligations, and handled on a reimbursement method whereby, at intervals, the cash disbursed is replenished by a check drawn on the fund or funds to which the items disbursed are chargeable. Must be audited on a regular basis.

**Prepaid Expense.** Expenses entered in the accounts for benefits not yet received. Prepaid expenses differ from deferred charges in that they are spread over a shorter period of time and are a regularly recurring cost of operation. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums.

**Special Assessments Receivable.** Claims which a governmental unit has upon properties until special assessments levied against them have been paid. The term applies to those delinquent special assessments for the collection of which legal action has been taken through the filing of claims or for Local Improvement Districts.

**Special Inventories.** The cost value of materials and supplies special in its existence and use. An example would be road supplies to be used in a contracted project or for work performed for other local units.

**Taxes Receivable - Current.** The uncollected portion of taxes levied by a governmental unit that are due within one year, and not yet considered delinquent.

**Taxes Receivable - Delinquent.** Taxes remaining unpaid on and after the date on which a penalty for non-payment attaches. 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 paid, abated or cancelled. Separate accounts for delinquent taxes receivable may be established for each year.

**Unamortized Premiums on Investments.** That portion of the excess of the amount paid for the securities over the face value, which has not yet been amortized.

**Unamortized Discounts on Investments (Credit).** That portion of the excess of the face value of securities over the amount paid for them, which has not yet been amortized and written off.

## Capital Assets

Each County needs to establish their definition of a Capital Asset. Definitions are usually based on a dollar amount and years of useful service.

**Accumulated Depreciation - Automobiles and Trucks (Credit).** An account which is the same nature and is used in the same manner as the account Accumulated Depreciation – Buildings and is used to determine book value.

**Accumulated Depreciation - Buildings (Credit).** An accumulation of periodic credits made to record the expiration in the service life of buildings attributable to wear and tear through use and lapse of time, obsolescence, technical obsolescence, or other physical or functional cause. The account is shown in the balance sheets of enterprise and internal service funds as a deduction from buildings in order to arrive at the net book value of buildings. Depreciation does not include normal maintenance costs (e.g. painting, replacement, cleaning, etc. which should be expensed).

**Accumulated Depreciation - Improvements Other Than Buildings (Credit).** An account, which is of the same nature and is used in the same manner as the account: Accumulated Depreciation – Buildings.

**Accumulated Depreciation – Machinery and Equipment (Credit).** An account which is the same nature and is used in the same manner as the account: Accumulated Depreciation – Buildings.

**Accumulated Depreciation - Office Furniture And Equipment (Credit).** An account, which is the same nature and is used in the same manner as the account: Accumulated Depreciation – Buildings.

**Automobiles and Trucks.** The cost of all automobiles and trucks owned by the organization.

**Buildings.** Reflects the acquisition value of permanent structures used to house persons and property owned by the governmental unit. If buildings are purchased or constructed, this account includes the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects the appraised value at time of acquisition.

**Construction Work in Progress.** The cost of construction work undertaken but not yet completed. Which may include or have a separate retainage payable account until the work has been completed.

**Improvements Other Than Buildings.** Reflects the acquisition value of permanent improvements, other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If the improvements are obtained by gift, it reflects the appraised value at the time of acquisition.

**Land.** Reflects the acquisition value of land owned by a governmental unit. If land is purchased, this account includes the purchase price and costs such as legal fees, filing and excavation costs, etc., which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition.

**Machinery and Equipment.** Tangible property that meets the definition of a capital asset, other than land, buildings, or improvements thereto. Examples are machinery, tools, trucks, cars, furniture and furnishings.



**Office Furniture and Equipment.** The cost of all furniture and equipment owned and used within the fund organization. Account is most commonly used in enterprise funds.

**Other Assets.** Intangible assets and other assets not previously classified. Appropriately descriptive account titles should be used for these items.

## Liability Accounts

### Current Liabilities

**Accounts Payable.** Liabilities on open account owing to private persons, firms, or corporations for goods and services received by a governmental unit (not including amounts due to other funds of the same governmental unit or to other governmental units).

**Accrued Expenses Payable.** A liability account for expenses that have accumulated at the end of an accounting period, but not due to be paid until a subsequent period. Example of such accruals are rentals, interest, etc.

**Accrued Wages Payable.** Amounts owed to employees at the end of the year, but not to be paid until a subsequent period (following year).

**Bonds Payable - Current.** The face value of bonds due within one year, except for deep-discount bonds (e.g. zero-coupon). The increased growth value of deep-discount bonds due within one year should be presented in this account.

**Claims Payable.** Liabilities for goods and services evidenced by vouchers which have been pre-audited and approved for payment but which have not yet been paid.

**Compensated Absences Payable.** Amounts that may be owed to employees for unpaid vacation, compensatory time, sick leave, or other such liabilities.

**Deferred Compensation Benefits Payable.** Value of deferred compensation plan.

**Deferred Revenue.** Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met. Under the modified accrual basis of accounting, such amounts can be measurable but not available for expenditure. Deferred revenue also includes monies received but not earned.

**Due to Fiscal Agent.** Amounts due to fiscal agents, such as commercial banks, for servicing a governmental unit's maturing indebtedness.

**Due to Other Funds.** A liability used to indicate amounts owed by a particular fund to another fund in the same governmental unit for goods and services rendered. These amounts include only short-term obligations on open account and not long-term loans.

**Due to Other Governmental Units.** Amounts owed by the reporting governmental unit to other governmental units.

**Interest Payable - Accrued.** A liability account which represents the amount of interest accrued at the balance sheet date but which is not due until a later date.

**Notes Payable - Current.** The face value of notes generally due within one year, including all tax anticipation and revenue anticipation notes payable.

**Other Current Liabilities.** Current portion of liabilities for unfunded pension obligations and similar items. Appropriately descriptive account titles should be used for such items.

**Retainage Payable.** Amounts due on construction contracts. Such amounts represent a percentage of the total contract price that is not paid pending final inspection, the lapse of a specified time or both.

**Warrants Payable.** Warrants drawn against the cash funds of the treasurer that have not cleared the appropriate banking account.

### Long-Term Liabilities

**Bonds Payable - Noncurrent.** The face value of bonds not due within one year, except for deep-discount bonds (e.g., zero-coupon). The increased growth (accredit) value of deep discount bonds not due within one year should be presented in this account.

**Completed Construction Contracts Payable.** The amount of a contract on a construction project completed on the balance sheet date, should be recorded in this account and offset against the appropriate asset or expense account.

**Contracts Payable.** Amounts due on contracts for assets, goods, and services received by a governmental unit.

**Notes Payable - Noncurrent.** The face value of notes not due within one year (e.g., lease purchase).

**Unamortized Premiums on Bonds Sold.** An account in a debt service or enterprise fund which represents that portion of the excess of bond proceeds over par value of bonds sold but not yet received and which will be paid at the maturity of such bonds.

**Unamortized Discounts on Bonds Sold (Debit).** An amount in a debt service or enterprise fund which represents that portion of the par value of bonds sold but not yet received and which will be paid at the maturity of such bonds.

### Fund Equity Accounts

**Appropriations (Credit).** This account records authorizations granted by the legislative body to make expenditures and to incur obligations for specific purposes. This account only appears in a balance sheet prepared during the fiscal period. At the end of the fiscal period, the Appropriations account is closed out and does not appear in the balance sheet. An exception to this is appropriations to a capital projects fund or special assessment fund which are allowed to be carried past a fiscal year end and reported on a balance sheet.

**Encumbrances (Debit).** This account designates obligations in the form of purchase orders, contracts or salary commitments, which are chargeable to an appropriation and for which a part of the appropriation is reserved. In an interim balance sheet, encumbrances are deducted along with the expenditures to arrive at the unencumbered balance. At the end of the fiscal period the account is closed out and does not appear in the balance sheet prepared at that time.

**Estimated Revenue (Debit).** The amount of revenues estimated to be received or to become receivable during the fiscal period. At the end of such period, the account is closed out and does not appear in the balance sheet prepared as of the close of the fiscal period.

**Expenditures (Debit).** This account appears in the balance sheet prepared during the fiscal period and designates the total of expenditures charged against appropriations during such period. The account is shown in each balance sheet account as a deduction from Appropriations, to arrive at the unexpended balance of total appropriations. At the end of the fiscal period, the account is closed and does not appear in a balance sheet prepared at that time.

**Fund Balance.** The difference between fund assets and fund liabilities of governmental and similar trust funds. GASB 54 requires fund balances to be reported according to a hierarchy determined largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet.

**Fund Balance-Assigned.** Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**Fund Balance-Committed.** These amounts can only be used for specific purposes as determined by the government's highest level of decision-making authority, i.e. the board of county commissioners. The government can re-direct committed fund balances by taking the same type of action (resolution, ordinance, legislation) used to previously commit those amounts.

**Fund Balance-Non-spendable.** Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

**Fund Balance-Restricted.** Amounts restricted for uses specified by federal, state or local laws, voter initiative, or granting entities.

**Fund Balance-Unassigned.** This is the residual classification for the general fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

## Revenue Accounts

**911 Fees.** Fees collected from users of telephone lines, cell phones, and voice over internet protocol communications in order to help pay the costs of operating consolidated emergency communications systems. (See I.C. 31-48)

**Cooperative Electrical Association Taxes.** (e.g. REA) A tax collected from cooperative electrical associations on annual gross earnings in lieu of all taxes on its operating property. (See I.C. 63-3502)

**Franchise Tax.** Taxes for the privilege of doing business in the county.

**Interest on Delinquent Taxes.** Includes all money received from the county tax collector as a result of interest charged against property owners for delinquencies in paying property taxes. A separate account for each year's interest may be established.

**Penalties on Delinquent Taxes.** Includes all money received from the county tax collector as a result of penalties charged against property owners for delinquencies in paying property taxes. A separate account for each year's penalties may be established.

**Prepaid Property Tax.** Revenues received on personal property and mobile homes for taxes that have not yet been levied.

**Property Taxes.** Taxes levied on an assessed valuation of real and personal property in the current year. These taxes are collected by the county tax collector and remitted to the county auditor for distribution to the taxing units for which they were collected.

**Tax Redemption Receipts.** Receipts from sale or redemption of tax deeded property.

**Business Licenses and Permits.** This group of accounts includes revenue from businesses and occupations, which must be licensed before doing business within the county. Each kind of business license may be recorded in a separate subaccount.

**Charges for Services.** This group of accounts includes revenues from all charges for current services exclusive of revenues of city utilities and other public enterprises. Such charges should be segregated into functional and activity groupings such as those indicated below. County officials must be aware that I.C. 74-102(10)(b) prohibits charging for copies of public records unless more than 100 pages are requested.

**Assessor's Fees**

Photocopies	Postage
Sales Tax	Boat Licenses & Fees
Duplicate License Fee	Off-Highway Bike Fee
Recreational Vehicle Fee	Temporary Registration Fee
Trailer House License Fee	Vehicle Administrative Fee
Vehicle Inspection Fee	Vehicle Reminder Mailing Fee
Vehicle Transfer Fee	Other Assessor's Fees

**Auditor/Recorder's Fees**

Photocopies	Transcripts
Passports	Postage
Maps	Recording Fees
Sales Tax	Certified Copies
Conformed Copies	Candidate Filing Fees
Forfeiture of Bid Bonds	Marriage Licenses
Other Recorder's Fees	Alcoholic Beverage License

**Sheriff's Fees**

Photocopies	Process/Serving Fees
Prisoner Board	Work Release
Concealed Weapons Fees	Law Enforcement Contracts
Driver's License fees/reinstatement	Sales Tax
Sheriff's Sale Proceeds	Other Sheriff's Fees

**Treasurer's Fees**

Photocopies	Public Administrator Fees
Tax Verification Service	Bad Check Fee
Costs	Other Treasurer's Fees
Warrant Fees	Pending Issue of Tax Deed Fees

### Other Fees

Dumping	Spraying
Mowing	Snow Removal
Building Permit Fees	Ambulance
Computer Printouts	Other Fees for Services
Sale of documents	Solid Waste
Contracts	

### Court Related Fees

Filing	Restitution
Probation	Public Defender
Bails Bond	Other Court Ordered

**Contributions and Transfers.** Donations and gifts or nonreciprocal transfers or the forgiveness of debt.

**Contributions from Other Funds.** Includes contributions from other funds, which are not intended to be repaid.

**Contributions from Other Governmental Units.** Includes amounts received from other units of government as a donation or gift, which are not intended to be repaid.

**Contributions from Private Sources.** Includes amounts received as donations or gifts from sources other than governmental agencies, which are not intended to be repaid.

**Enterprise Revenue.** Includes money derived from the operation of the various public enterprises such as water and sewer, electrical utilities, and other enterprises, including airports and transportation (bus) lines. A Uniform Chart of Accounts for the various enterprises and utilities has been published by national committees and agencies, and it is recommended that these classifications be used.

**Federal and State Grants.** Grants, sometimes referred to as grants-in-aid, are contributions made by one governmental level or unit to another unit and are not related to specific revenue sources of the granting unit. The account number would reflect the category of grant and the specific grant number would be the subaccount.

**Federal Payments in Lieu of Taxes.** Payments in lieu of taxes are payments made out of general revenues by one governmental jurisdiction to another in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the receiving government on the same basis as other privately-owned property or other tax base. These are not designated funds. Federal PILT payments may be a significant source of revenue for counties with US Forest Service land.

**Federal Forest Appropriations (Secure Rural Schools).** The Secure Rural School and Community Self Determination Act provides for three components of funding to counties: Title I is distributed directly to the county with 30% going to school districts of the county and 70% to counties and highway districts for road maintenance; Title II is distributed to the regional RACs (Resource Advisory Committee) for projects on forest service lands; and Title III is distributed directly to counties for public safety services (including wildfire mitigation) performed on federal land.

**Fines.** Includes monies derived from fines and penalties imposed for the commission of statutory offenses, violations of lawful administrative rules and regulations, and for neglect of official duties.

**Forfeitures.** Includes revenues derived from confiscating deposits held as performance guarantees.

**Highway Users Allocation.** Distribution of state monies to counties with road & bridge departments according to the miles of county roads.

**Interest Earnings.** Includes all amounts received as a result of interest earned from any source, such as investment time deposits, etc.

**Intergovernmental Revenue.** This group of accounts includes revenues received from other governments in the form of grants, shared revenues, or payments in lieu of taxes, services.

**Miscellaneous Revenues.** This group of accounts includes revenues which cannot feasibly be classified within the foregoing revenue classifications.

**Non-Business Licenses and Permits.** This group of accounts includes revenues from all non-business licenses or permits levied according to benefit presumably conferred by the license or permit.

**Non-Operating Revenue.** Proprietary fund revenues incidental to, or by-products of, the fund's primary activities.

**Operating Revenue.** Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

**Premiums on Bonds Sold.** This account appears in the debt service fund and consists of the excess of the proceeds from the sale of bonds over their par value.

**Rents and Concessions.** Includes revenue received for the use of lands, buildings, and equipment owned by the county. Rents obtained from each lease of property may be accounted for separately to ensure the collection and recording of all rent installments.

**Revenues (Credit).** An operating statement account and revenue can be the result of an increase in assets or a decrease in liabilities during an accounting period, primarily from operating activities. The account appears only in a balance sheet prepared during the fiscal period and at the end of the fiscal period it is closed out and does not appear in the balance sheet at the end of the fiscal year.

**Sale of Bonds.** This account appears in the capital projects fund and includes proceeds from the sale of bonds, except that if bonds are sold at premium, only that portion of the proceeds representing par value of the bonds would be included.

**Sale of Fixed Assets Including Compensation for Losses.** Includes monies received from the sale of county-owned property, payments for loss of insured property and reimbursements for property damaged.

**Sale of Material and Supplies.** Revenue from material and supplies sold to outside organizations or other governmental units.

**Sales and Use Tax.** Taxes imposed upon the sale or consumption of goods and/or services, and paid by the general public as an addition to the sale price of retail purchases. All such sales taxes collected by retail merchants are remitted to the State Tax Commission, which in turn reallocates the proportionate share to the county, which then distributes to the affected local units of government

as apportioned. Includes inventory phase-out - base, inventory phase-out - excess, and state revenue sharing. These may be treated as one account or three subaccounts and are non-designated funds.

**State Liquor Apportionment.** Counties receive a portion of Liquor Division profits in proportion to each county's liquor sales to total state liquor sales. (See I.C. 23-404)

**State Shared Revenue.** Shared revenues are those levied by one governmental unit but shared, usually in proportion to the amounts collected, with another unit of government or class of governments.

**Transfers from Other Funds.** Includes amounts received from other funds for the support of activities promoted through or provided by that fund, closed or no longer needed funds.

## Expense Accounts

**Advertising and Legal Publishing.** Expenditures for official advertising and legal publishing of ordinances, resolutions, financial statements and notices required by Idaho statute or county ordinance.

**Buildings.** For the cost of the building and all expenses related to the purchase or construction of the building, any capital improvements such as remodeling second-hand or damaged buildings before placing them in use. All fixtures which are permanently attached to and made part of the building and are not removed without impairment to the building are a part of the total cost of the building. It is recommended that the county have a defined policy for capital outlay expenditures for buildings and structures.

**Capital Outlay.** These expenditures by object apply to outlays which result in the acquisition of, construction of, rights to, or additions to fixed assets. Such expenditures include not only the purchase price or construction costs of the asset, but also any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for its intended use. Such costs include legal and title fees; closing costs; appraisal and negotiation fees; surveying fees; damage payments; land preparation costs; demolition costs; architect and accounting fees; insurance premiums during construction phase, transportation charges and interest costs during construction.

**Communications.** Services provided by persons or businesses to assist in transmitting and receiving messages or information. Examples are telephone, satellite, cable, microwave, internet, and other.

**Contract Services.** For expenditures to businesses and individuals, who are not employees and are not supervised by county employees, for services rendered on a contractual basis to perform a specific task. This includes outside janitorial and custodial services, landfill operations, animal control, temporary agencies, transcription services, and others.

**Dues and Memberships.** For charges related to the payment of professional, association and society memberships and dues.

**Employee Taxes & Benefits.** Amounts paid by the county on behalf of employees; these amounts are not included in the gross salary, but are in addition to that amount. Such payments are fringe benefit payments and, although not paid directly to employees, are part of the county's personnel costs. These could include: Social Security/Medicare, PERSI, Health Insurance, Workers' Compensation, Unemployment Compensation, etc.

**Improvements Other Than Buildings.** For expenditures to improve the capital assets of the county including streets, bridges, viaducts, fences, landscaping, lighting systems, docks, storm drains, parking areas, and other major cost expenditures, which are not specifically classified as land or buildings.

**Insurance Bonds.** For premiums paid by the county for all types of insurance required to protect the county and its employees while acting in performance of official duties. Insurance coverage will include physical damage, fire, theft, automobile and general public liability. This account is also to be used for costs involved in self-insurance programs.

**Land.** For the cost of the land including all expenses incidental to the purchase of the land, preparations of the land for use including demolition less salvage, right-of-ways, easements and any other miscellaneous land costs.

**Machinery and Equipment.** Expenditures for the initial, additional and replacement items of equipment such as machinery, furniture, and fixtures and vehicles. Any expenditures incurred which would extend the life of the equipment. Such as rebuilt engines, and new engines.

**Minor Equipment.** For expenditures to acquire minor equipment items which are not normally carried in inventory. The objective of this account is to control expenses for such items as waste baskets, staplers, desk lamps, letter baskets and other minor cost items which would not be recorded as an asset to the county. Each county has the responsibility to specify the minimum and maximum dollar cost for minor equipment purchases. It is recommended that the maximum cost for minor equipment should be below the general limit for capital outlay purchases.

**Miscellaneous Services and Charges.** For miscellaneous and sundry expenditures which cannot be properly allocated to other accounts. These charges should be on an infrequent or non-recurring basis, otherwise they would be classified in one of the other accounts.

**Motor Fuel and Lubricants.** For gasoline, diesel, other motor fuels and lubricants used by departments to operate vehicles and equipment.

**Office Supplies.** For items normally considered as office supplies such as stationery, pencils, pens, paper, printed forms, reproduction material, computer paper, postage and other.

**Operating and Special Departmental Supplies.** For operating supplies utilized by the departments in rendering their services to the public. Examples include agricultural supplies, laboratory supplies, cleaning and sanitation supplies, and similar items required in rendering services. Special departmental supplies include items that are peculiar to one department, such as: Sheriff's Department - reloading supplies, ammunition; Shop - solvents, cleaning rags and minor unique items; Weed department- chemical.

**Personnel Training.** For costs incurred to have employees participate in educational courses such as POST academy and other approved training programs for the county employees. This includes registration fees, tuition, course materials and other related expenses. If a personnel training program is an on-going activity of a department, the necessary training materials and costs should be charged to this classification.

**Printing and Binding.** Expenditures for job printing and binding, usually according to specifications of the county. This category includes designing and printing forms and posters, as well as printing and binding government publications, such as financial statements, ordinances etc. Reprinted standard forms are not charged here, but are recorded under office supplies.



**Professional Services.** Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists, physicians, lawyers and consultants. A separate account may be established for each type of service provided to the county.

**Publications and Subscriptions.** For expenditures to purchase reference books, publications, and subscriber access to computerized reference material.

**Rent/Lease.** For rental or lease payments to acquire the use of property and equipment.

**Repair and Maintenance.** For services, materials and parts purchased from outside sources by the county to maintain and repair county owned property.

**Salaries and Wages.** Amounts paid to county employees, including personnel substituting for those in permanent positions. This category includes gross salary for personnel services rendered while on the payroll of the county. For example: officer salaries, chief deputy, department head/supervisor, full-time salaries, part-time salaries, and others.

**Supplies.** Amounts paid for items that are consumed or deteriorated through use.

**Transportation/Routine Duties.** For payments made on a mileage basis to county employees for the use of personal automobiles in lieu of providing a county-owned automobile. Other charges to this account will include costs for motor pool operations, express charges and messenger services as required by departments within the county operations.

**Travel/Meetings.** Expenditures for transportation, meals, hotel and other expenses associated with travel to meetings and other official functions.

**Utilities.** Expenditures for energy and services received from public or private utility organizations. Examples are heating fuel, electricity, water/sewer/trash, irrigation and others.

## Chapter 4: Financial Reporting

Financial reporting is the method used by a county to communicate financial information to external users. It helps the county fulfill its responsibility to be publicly accountable. Thus, it is important to consider the needs of users and the decisions they make when determining the type of report to be prepared.

The principles to be followed by the county in recording transactions and preparing financial statements are set by the Governmental Accounting Standards Board (GASB). GASB recommends that every governmental entity prepare a comprehensive annual financial report (CAFR). The CAFR is the county's official annual financial report. It must include an introductory section, financial section, and statistical section.

The next level of reporting is the general-purpose external financial statements (GPEFS). It includes management's discussion and analysis, basic financial statements with notes, and required supplementary information. The minimum standard for fair presentation in conformity with generally accepted accounting principles is the GPEFS. For most counties, GPEFS are issued as part of their audit.

While the GPEFS or CAFR may be prepared by your outside auditor, the financial statements are still the responsibility of the county. The outside auditor will either verify the statements prepared, or prepare the necessary statements, depending on the requirements in your contract. The financial statements prepared by the outside auditor are based on the county's year-end general ledger balances adjusted for any necessary compliance with GASB statements. The unadjusted general ledger balances are used by the county to prepare the annual report.

### GASB Principles

The Government Accounting Standards Board (GASB) has the responsibility of establishing accounting and financial reporting standards at the state and local level. Authoritative guidance on the application of generally accepted accounting principles (GAAP) can be found in the GASB's Standards and *Codification of Governmental Accounting and Financial Reporting Standards*. In addition, the Government Finance Officers Association's *Governmental Accounting, Auditing, and Financial Reporting* (using the most current GASB pronouncements) provides an excellent resource for understanding and implementing the GASB Standards.

Three primary objectives for financial reporting outlined by GASB include the following:

1. Financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users to access that accountability.
2. Financial reporting should assist users in evaluating the operating results of the governmental entity for the year.
3. Financial reporting should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due.

Any governmental accounting system should provide for: (1) Presenting fairly and with full disclosure the financial position and results from operations of all funds of the governmental entity, conforming to generally accepted accounting principles; and (2) Determining and demonstrating compliance with legal and contractual provisions in financial matters. This need to determine and demonstrate legal compliance should be a major consideration in the design and implementation of the government's accounting system.

## Fund Accounting

Governmental accounting systems are established 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."

Governmental units should establish and maintain only those funds which are required by law or are necessary for sound financial management. Too many or unnecessary funds often results in inflexible and cumbersome accounting systems which make it difficult to read financial reports. In Idaho, the general fund for counties is the Current Expense Fund and should be used to account for the basic operating functions of the government. A common method of classifying funds calls for all activities to be accounted for in the general fund unless the law, legal agreement or generally accepted accounting principles requires them to be accounted for in another fund. If this is the case, the use of a special revenue fund should be considered. Statutory levy limits sometimes force a county budget officer to allocate expenses between multiple funds rather than consolidate them into a single fund.

Funds are classified into the following three broad categories: governmental, proprietary, and fiduciary. The governmental fund category includes those activities normally associated with operations of a government. Generally, only current expendable financial resources are accounted for in this category. The proprietary fund category is used to account for governmental activities normally found in the private sector, and is normally operated in a manner similar to their commercial counterpart. The focus of proprietary funds is on the measurement of net income. The fiduciary fund category was created to account for those situations where the government acts in a fiduciary capacity as a trustee or agent.

The three broad fund categories are subdivided into eight fund types as defined by GASB.

### **Governmental Funds.**

*General Fund.* Used to account for all financial resources except those required to be accounted for in another fund. The General Fund is also known as the Current Expense Fund.

*Special Revenue Funds.* Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

*Capital Projects Funds.* Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund and trust funds).

*Debt Service Funds.* Used to account for the accumulation of resources for, and the repayment of, general long-term debt principal and interest.

*Permanent Funds.* Used 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.

### **Proprietary Funds.**

*Enterprise Funds.* Used to account for operations: (1) 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 in whole or in part through user charges; or (2) 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.

*Internal Service Funds.* Used 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 Funds.* Used to account for assets held by a governmental unit in a trustee capacity pursuant to a legal agreement.

*Agency Funds.* Used to account for monies, such as property taxes, collected on behalf of another entity and then paid out to that entity on a periodic basis.

## **Capital Assets and Long-Term Liabilities**

The accounting and reporting treatment applied to capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and permanent trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and preserved for a significantly greater number of years than most capital assets. Examples are roads, bridges, sidewalks, drainage, and lighting systems. Infrastructure assets are recorded as capital assets.

Proprietary 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 non-current) associated with their activity are included on their individual fund balance sheets. Depreciation is a cost of doing business and should be charged as an expense against their operations, with accumulated depreciation reported on the balance sheet.

Fiduciary funds should be reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

All capital assets are to be valued at historical cost or estimated historical cost if the actual historical cost is unavailable. Donated capital assets are valued at their estimated fair value on the date the assets are donated (revenue would be recorded per GASB Statement 33).

Long-term liabilities of proprietary and fiduciary funds should be accounted for in the individual funds. Liabilities are only reported in the funds to the extent they are expected to be liquidated with expendable available financial resources. Compensated absences, claims and judgments, landfill closure and post-closure care obligations, and special termination benefits beyond amounts due at year end are reported only in the government-wide statements.

### Basis of Accounting

Basis of accounting refers to when transactions should be recognized for financial statement purposes (i.e., revenues, expenses, assets, and liabilities). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. The GASB Codification defined "available" as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (normally 60 days). Expenditures should be recognized in the accounting period in which the liability is incurred, with the exception of un-matured interest on long-term debt, which should be recognized when it becomes due.

Proprietary funds and permanent funds are accounted for using the accrual basis. Revenue is recognized in the accounting period when it is earned and measurable, and expenses are generally recognized when they are incurred. Revenues and expenses are also to be divided into operating, non-operating, capital contributions, additions to permanent and term endowments, special and extraordinary items, and transfer classifications and reported as such.

### Budgetary Accounting

Budgeting is an essential part of the financial planning, control and evaluation process of any government entity. Idaho law requires every governmental unit to prepare a comprehensive budget covering all governmental funds for each fiscal year.

Where legal requirements dictate a cash basis of budgeting or another basis not consistent with generally accepted accounting principles, governmental units typically maintain the accounts and prepare budgetary reports on the legally prescribed budgetary basis to show legal compliance and maintain enough supplemental records to permit the financial statements be presented in conformity with GAAP.

GASB requires a budget to actual comparison for the general fund and any major governmental special revenue fund that has a legally adopted budget. These comparisons should also be presented as individual statements or schedules (if in required supplementary information) to demonstrate legal compliance. The budgetary comparison should use the same format as either the budget document or the statement of revenues, expenditures, and changes in fund balance and should have enough information to reconcile budgetary information to GAAP information.

### Classification and Terminology

The GASB Codification states, "A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund." A primary factor in enhanced readability of financial statements is consistency. It is, therefore, important that a standard chart of accounts be applied throughout the budgeting, accounting and reporting process.

### Financial Reporting

Timely and properly presented financial reports are essential to administrators, legislative officials, financial analysts, and others having need for governmental financial information. Governmental financial reports should be comprehensive and comparable, should identify the government's responsibility and control over certain activities, and conform to GASB pronouncements. The GASB Codification provides for the following financial statements and reports:

1. 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.
2. A comprehensive annual financial report (CAFR) covering all funds of the reporting entity should be prepared and published. It should include an introductory section; management's discussion and analysis, basic financial statements and notes to the financial statements; required supplementary information, and combining fund statements; schedules; narrative explanations; and statistical tables. Guidance for preparing a CAFR can be found in GFOA's book *Governmental Accounting, Auditing, and Financial Reporting*.
3. General purpose external financial statements of the reporting entity may be issued separately from the comprehensive annual financial report (see GASB 34, paragraph 6). Such statements should include management's discussion and analysis (MD&A, GASB 34, paragraph 11), the basic financial statements and notes to the financial statements that are essential for fair presentation of financial position and results of operation (and changes in financial position of proprietary fund and similar trust funds) and required supplementary information, essential to financial reporting of certain entities.

4. A component unit financial report covering all funds of a component unit may be prepared and published as necessary. It should include an introductory section; appropriate combined, combining, and individual fund statements; notes to the financial statements; required supplementary information; schedules; narrative explanation; and statistical tables.

5. Component unit financial statements may be issued separately from the component unit financial report (GASB Codification 2600.124 states that a component unit's financials may be issued separately from the primary government). Such statements should include the basic financial statements and notes to the financial statements that are essential to the fair presentation of financial position and results of operations (and changes in financial position of proprietary funds and similar trust funds). Those statements may also be required to be accompanied by required supplementary information, essential for financial reporting of certain entities.

6. I.C. 67-1076 identifies the State Controller as the administrator of the Local Governmental Entities Central Registry and establishes the information required to be submitted by local governmental entities. I.C. 67-1081 requires the county auditor to submit an annual financial report to the State Controller when requested.

## Outside Audit

I.C. 67-450B establishes the minimum audit requirements for all local government entities. Audits are to be performed by outside auditors in accordance with generally accepted governmental auditing standards as defined by the United States general accountability office. The board of county commissioners must have a written contract for employment of the outside auditor. One copy of the audit report must be filed with the legislative services office within nine months after the end of the audit period.

Minimum requirements for an audit are:

1. Annual budget over \$250,000: Requires an annual audit.
2. Annual budget over \$150,000 but under \$250,000: May elect to be audited on a biennial basis. Any year in which the budget exceeds \$250,000 an annual audit must be performed. Biennial audits include an audit of each fiscal year since the last audit.
3. Annual budget does not exceed \$150,000: No minimum audit requirements.
4. Federal audit requirements are applicable if federal assistance supersedes the minimum audit requirements listed above. GASB also requires an outside audit of any component unit of government (i.e. county-owned hospital).

In contracting with an accountant to perform the county's outside audit, the county should request certain information from the accountant to help select the most qualified professional. Information that might be requested includes:

1. Firm profile.
2. Who would be performing the audit and what are their qualifications?

3. Other governmental entities they audit with a contact person and phone number for each.
4. Services provided both through and outside the audit process. What are the charges for questions by telephone and extra help?

The yellow book, *Government Auditing Standards*, includes two requirements that the county needs to be aware of:

1. Auditors responsible for planning, directing, conducting substantial portions of the field work, or reporting on the government audit should complete at least 24 of the 80 hours of continuing education and training in subjects directly related to the government environment and to government auditing.
2. Organizations conducting government audits should have an external quality control review at least once every three years.

When requesting a proposal for an audit, be clear about what is needed. If specific requirements must be met, be sure they are described in the request. When selecting an auditor, choose the one you feel is best qualified, not just the one with the lowest fee.

### Single Audit

Any county involved in federal grants or other federal financial assistance received either directly from the federal government or indirectly through the state government needs to be aware of the Single Audit Act of 1984 and subsequent amendments. A county expending total federal dollars of \$750,000 or more in a single fiscal year must have an audit in accordance with the Single Audit Act and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). (The Uniform Guidance replaced OMB Circular A-133, which applies only to grants received prior to December 26, 2014).

If a county is the primary recipient of federal financial assistance, it may require a sub-recipient to have a Single Audit. This generally depends upon how much the sub-recipient received.

A single audit means that, in addition to the county's normal fiscal audit, the auditor must also determine the county's compliance with laws and regulations relevant to their federal financial assistance programs. The auditor will then issue several additional reports in the audit report dealing with the county's compliance with the laws and regulations, the county's internal control structure policies and procedures relevant to federal financial assistance programs and a supplementary schedule of federal financial assistance.

In addition to the Single Audit Act, another document necessary to perform a single audit is Uniform Guidance issued by the OMB to prescribe policies, procedures and guidelines to implement the Act. It establishes specific audit requirements for counties that receive federal financial assistance.



## Reports

Part of the job of the county's financial personnel is to prepare reports. These reports are used to provide accountability to the public, assist users in evaluating the operating results of the county for the year, and assist users in assessing the level of services that can be provided by the county and its ability to meet its obligations as they become due. However, these reports are of no use if they are not reviewed, discussed, and understood by the responsible officials.

The reports prepared, and the frequency in which they are prepared, can vary from county to county depending upon what is needed. Some reports are required from every county, while others are optional. Each county must decide what reports are needed in order to operate efficiently and effectively. The level of detail in the reports, and their frequency, are determined by each county.

The main optional reports prepared by financial personnel are cash flow statements and budget comparison statements. While these reports are optional, they are the main source of information to the commissioners, elected officials and department heads. These reports show what has been happening and where the county stands currently. They are also used for decision-making.

A budget comparison report should be prepared at least quarterly but preferably monthly. It should show both the revenues and expenditures for each fund. It is a comparison of the actual amount spent to date against the budgeted amount. It can be helpful for this report to also show percentages collected/expended. It is recommended that elected officials and department heads be given budget comparison reports on a monthly basis.

A cash flow statement is a simple report that shows what the cash position and transactions are for each fund. Financial personnel generally prepare some type of cash flow statement for elected officials and department heads instead of a balance sheet.

## Financial Reports Required by Idaho Code

State statutes require the preparation of various financial reports each year, in addition to the annual audit prepared pursuant to I.C. 67-450B.

**I.C. 31-1611.** On or before the last day of January, April, July and October, the county budget officer shall submit to the board of county commissioners' quarterly statements showing the revenues and expenditures, and the unexpended, unencumbered balance of each appropriation. The county budget officer shall call the attention of the board of county commissioners to possible budget deficits or excessive expenditures.

**I.C. 31-2112.** The county treasurer must settle accounts with the county auditor on the first Monday of each month and make an annual settlement on the first Tuesday after the first Monday in October.

**I.C. 31-819.** The board of county commissioners must have published monthly in their proceedings a brief financial summary indicating the total amount spent from each fund. Annually, at least the consolidated balance sheet of the annual report will be published.

## Financial Reports Required by State Agencies

**Road & Street Report.** The form to be completed is provided by the State Controller and must be completed and returned to the State Controller by December 31. Non-completion of the report can result in the state delaying or withholding future state payments.

**Trial Court Financing Report.** The form is provided by the Idaho Supreme Court and is due by December 1.

**Juvenile Justice Annual Financial Report.** The form is provided by the Idaho Department of Juvenile Corrections and is due by December 1.

**Special Plates Annual Report to the State.** The expenditure of funds collected through the Youth License plate statute (I.C. 49-418B) is reported annually to the Idaho Department of Labor on a form they provide.

**Vessel Fund Report.** The receipt and expenditure of funds collected through the annual registration of watercraft (I.C. 67-70) is reported annually to the Idaho Department of Parks & Recreation on a form they provide.

**Indigent Defense Expenditure Report.** I.C. 19-850(c) describes the duties of the Idaho State Public Defense Commission (PDC) and requires the PDC to evaluate county compliance with the indigent defense standards and State financial assistance provided to the counties. This is done, in part, by evaluating the annual indigent defense expenditure report submitted by counties. The report form is provided by the PDC and is due by December 31. The Indigent Defense Expenditure Report will be eliminated once the public defense services are fully transitioned to the State Public Defense Commission.

**Local Governmental Entities Central Registry.** I.C. 67-1076 provides for the reporting information, deadlines and penalties for failure to report, of local government agencies. The Idaho State Controller is statutorily tasked with oversight of the reporting and communications with local government, as well as the website [www.localtransparency.idaho.gov](http://www.localtransparency.idaho.gov) for the public to access the data collected.

## Information Returns for Tax-Exempt Governmental Obligations

Form 8038-G (issue price of \$100,000 or more) or Form 8038-GC (issue price of less than \$100,000) must be filed with the Internal Revenue Service (IRS) for each issue of tax-exempt obligations a county issues. The forms are to be filed on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued. Tax-exempt obligations include bonds, installment purchase agreements and leases or financial leases on which the interest is excluded from income under 26 U.S.C. Section 103. Some of the information to be reported is the issue price, interest rate, maturity date, length of time until maturity, and type of issue. The form is completed only when the obligation is issued.

## Payroll Reports and Tax Deposits

There are various payroll reports due after the payroll is calculated. The due dates for filing these reports vary. They are due anywhere from a couple of days after the payroll date to monthly, quarterly and annually. It is important to read all instructions when completing the report. Be sure to note due dates. Some of the reports are:

**Federal Tax Deposit.** A county is required to withhold social security and Medicare tax from an employee's check based on the current IRS regulations. In addition, the county must match 100% of the FICA/Medicare amount. At the same time, federal income tax is also withheld based the employee's W-4 form. All three of these amounts must be deposited according to a schedule determined by the amount due. All federal tax deposits must be made by electronic funds transfer. Remember that payroll is on a *calendar year cycle* for IRS and the State Tax Commission, which means the first quarter is January through March, not October through December, as for the county's fiscal year.

**IRS Form 941 (Employer's Quarterly Federal Tax Return).** This is the quarterly report due to the IRS by the end of the month following the last month in the quarter. Form 941 calculates the total taxes due for the quarter based on the wages for the quarter. The total of the calculated liability should equal the amount deposited with the IRS. If the deposits are more than the liability, the amount can either be refunded or applied to the next quarter. If the deposits are less than the liability, another deposit may need to be made or a payment submitted with the report. You may be required to complete and submit Schedule B (Employer's Record of Federal Tax Liability) with your 941.

**Idaho Form 910 State Income Tax.** State income tax is withheld from each employee's paycheck based on the W-4 they have prepared. Form 910 and accompanying payment is due semi-monthly, monthly, or quarterly, as determined by State Tax Commission guidelines. It is due the last day of the month following the end of the quarter being reported on.

**Public Employee Retirement System of Idaho (PERSI).** Reports and contributions to PERSI must be remitted within five working days after each pay date. This includes both employee and employer contributions. Percentages used to calculate the employee and employer liability are set by state statute and changes made to those percentages coincide with the State fiscal year beginning July 1.

**Other.** A county may have other reports to be completed, depending on other benefits offered, such as health insurance, or compliance with legal requirements. The reports may be prepared monthly, quarterly, or after each pay period.

## Sales Tax Report

The State of Idaho requires sales tax to be collected when items are sold. Some of the items where sales tax is to be charged is for copies, maps, materials (road), gravel, equipment and other items. Reports are filed monthly, quarterly, semi-annually or annually, depending upon the amount of taxes due. The report is due by the 20th of the month following the end of the reporting period. The State Tax Commission should be contacted for questions.

## Unclaimed Property

An annual report is filed with the state treasurer to report any amounts the county has not been able to give to the rightful owner. Unclaimed amounts occur from outstanding warrants, checks, trust monies and other sources. A detailed instruction manual can be found on the state treasurer's website.

## Chapter 5: Special Areas

### Budget Transfers

Budget transfers can be accomplished in several ways. I.C. 31-1605 provides that *in the event of any unforeseen contingency arising, which could not reasonably have been foreseen at the time of making the budget, and which shall require the expenditure of money not provided for in the budget, the board of county commissioners, by unanimous vote thereof, shall have the right to make an appropriation from the 'General Reserve Appropriation' to the office, department, service agency or institution in which such contingency arises...* I.C. 31-1605 further provides that no appropriation may be made from the General Reserve to any other county fund authorized to make a special levy.

The normal procedure for a General Reserve transfer is for the elected official or department head desiring a budget increase to explain and justify the reasons to the board of county commissioners. If they agree, they will specify the reasons for an increase in their resolution and *unanimously* vote for the adoption of the resolution and order the transfer to be made.

In the event the board of county commissioners cannot reach a unanimous decision to transfer from the general reserve, but a majority favors the transfer, that majority may petition the court for an order directing the transfer. The commission's majority provides the explanation of need from their resolution, along with dollar amounts and necessary accounting information for the transfer, to the prosecuting attorney and requests that the attorney prepare the petition and order for transfer. After the petition and order are prepared, the petitioning commissioners sign the petition and submit it along with the order to the appropriate judge for his review and action. If the reviewing judge accepts the necessity of the transfer he will sign the order and the transfer may take place.

All transfers, whether court-ordered or by the commissioners, should have supporting documents, which explain the transfer necessity and process, to the outside auditors and to the public, if questions arise. All proposed transfers should be discussed with the county budget officer.

I.C. 31-1508 allows for transfers of money from one fund to another if *the money in said fund shall have become inoperative for the purpose for which said fund as created*. No money may be transferred from one fund to another without a *resolution of the board entered upon the records of its proceedings*.

### Emergency Expenditures

I.C. 31-1608 governs emergency expenditures and describes two different types. One is a true emergency caused by flood, fire, explosion, public health concerns, etc. The other is to meet *mandatory expenditures required by law* which would normally consist of extraordinary public defender/court appointed attorney expenses, tort payments, etc.

When an emergency or mandatory expenditure is necessary, the commissioners may by unanimous vote adopt a resolution stating the facts of the emergency or mandatory expenditure and direct necessary payment.

The emergency payment must be charged against the proper fund and any cash available in that fund must be used, including reserves and unreserved fund balances. If there is not enough cash on hand in the proper fund then registered warrants must be issued, or there may be an ability to transfer monies from other funds as allowed by Idaho Code 31-1508. If part or all of those registered warrants remain unpaid into the next budget year, and sufficient levy authority exists in the obligated fund to cover the unpaid warrants and also the new budget, those warrants should be paid from the new budget for that fund. If there is insufficient levy authority available in the obligated fund, a warrant redemption fund must be established to levy for and pay the outstanding registered warrants (Article VII, Section 15, Idaho Constitution).

### General Reserve Appropriation

The general reserve appropriation is created by I.C. 31-1605 which states: *The Board shall also have the right to make a General Reserve Appropriation, said appropriation not to exceed five percent (5%) of the current expense budget as finally adopted. The total levy for current expense, including the General Reserve Appropriation, must be within the limitations imposed by Chapter 8 of Title 63, Idaho Code, or by any statutes of the State of Idaho in force and effect.*

The same language which allows the general reserve appropriation is also contained in I.C. 63-805 and allows the creation of a reserve for the Justice Fund if one has been established.

The amount established for the general reserve in the current expense and/or justice fund is usually identified as a *reserves* or *contingency* line item within a *general* departmental budget or a separate general reserve fund controlled and dispersed only by the board of county commissioners.

When a transfer is made from the general reserve to a departmental budget, the reserve must be credited in the amount of the transfer and the receiving departmental line item(s) debited in that same amount. The overall current expense/justice fund budget is not increased and therefore, remains in compliance with county budget law. However, the department's budget is increased and the revised amount will be reflected in following years.

### Grants

Grants from governmental, non-profit, and other entities can provide a welcome source of revenue for needed projects or services. However, grants usually come with strict guidelines, restrictions, and reporting requirements. Failure to follow all requirements may result in the loss of anticipated grant funding.

It is generally best not to incorporate one-time grant funds into a general operating budget since the grant dollars would artificially inflate that operating budget. Matching funds, however, would usually be budgeted within an operating budget.

### Grant Procedures

1. It is suggested that the person applying for the grant first discuss all requirements with the budget officer. The person then should appear before the board of county commissioners to advise them of the grant they wish to seek. The person should provide description of the grant, who it

benefits, project description, cost to county if any, amount of grant applied for, source of funding, time line of grant and copies of all documents to date.

2. Commissioners approve the application. Approval of the grant may be in the form of a resolution by the board.
3. The person then completes grant application paperwork and files completed application with the board of county commissioners. Depending on the grant requested, your prosecutor and/or outside auditor may need to review the application.
4. After receiving notice of approval from the granting agency, the board of county commissioners must take official action to accept the grant.
5. Depending on the grant, the board of county commissioners may need to appoint a grant administrator and/or a financial officer.
6. Depending on how the funds are to be distributed or how the funds will affect an existing budget, the board of county commissioners may need to take additional action prior to the expenditure of the funds (i.e. open budget for unforeseen revenues). Regardless, an acceptable financial reporting system must be developed.
7. All documents requiring signatures, especially contracts, shall be processed through the board of county commissioners and the original copy shall remain within the county's contracts file.
8. A county file on the grant shall be maintained and kept as part of the permanent county record. Some grants have restrictions to usage or disposal of equipment or property purchased by the funds. Some grants are audited annually by the funding agency and require ongoing paperwork.
9. Financial records
  - a. Grants are processed through the county auditor and may require establishment of a separate budget and become part of the annual audit.
  - b. The auditor may be appointed as the financial officer of the grant.
  - c. The county auditor should generally receive and disburse all grant funds.
  - d. All information and financial records are public records and subject to public records law.
  - e. All financial records shall be audited by the outside auditor, with a single audit completed if necessary.

### How to Avoid Grant Pitfalls

- Double check time deadlines for filing application and completion dates
- Keep copies of grant application, and names and addresses of all parties making application
- Keep copies of all checks or warrants received or generated
- Maintain a written ledger or log of all transactions
- File should contain copies of all published bids
- File should have copies of all contracts or sub contracts
- Keep a record of any guarantees or warranties received
- Keep copies of all rules and regulations, including any ongoing commitments or requirements
- Retain copies of blue prints, maps or designs
- Verify State of Idaho public works license requirements and worker's compensation

- Copies of all insurance policies with county named as additional insured or provisions for defense or hold harmless agreement
- Determine if grant is a reimbursement basis requiring expenditure prior to receipt of funds so that cash flow can be arranged
- Be sure the procedure for request of funds is clearly defined and keep copies of all documents
- Understand fully the limitations on expenditures including time deadlines
- Know if there are requirements for signs or posting on site and any special notices or publications necessary
- Keep paper or digital copies of all vouchers, cancelled checks, invoices and other billing forms.
- Verify audit requirements and who will pay for audit
- Many grants contain future maintenance and operation requirements including conversion rules and regulations, which may affect future budgets
- There can be regulations prohibiting fee charges and you must understand the non-discrimination clause requirements
- Document amount of in-kind services, materials or equipment used as match.
- Joint agency application (city-county) must have resolutions or agreements as to responsibilities and payments
- Verify who will pay initial engineering or architectural costs
- Be sure of clear title on any land purchases
- Application may require additional county support programs, i.e. waterways or snowmobile advisory committees
- Verification of compliance with EPA, floodplain regulations, Heritage Foundation, ADA, or local planning and zoning requirements
- Make sure that funds are budgeted for match requirements Before accepting the grant, decide what action you will take if grant funds are stopped

### General Requirements for Federal Grants

Several statutory and regulatory requirements are applicable to almost all Federal assistance programs. The following are those requirements that involve significant national policy and for which failure to comply could have a material impact on an organization's financial statements, including those prepared for federal programs. Accordingly, these compliance requirements shall be included as a part of every audit of State and Local Government.

It is recommended that each county review the various compliance requirements and establish administrative controls to insure compliance with the requirements. This could include amendments to county personnel manuals, additions to bidding procedures, and adoptions of resolutions setting forth county policies.

**Federal Financial Reports.** Most Federal programs require the periodic submittal of financial reports to the granting agency.



**Political Activity.** The following statement could be included in the body of grant agreements and become part of the oath taken by the grant administrator and or those making application: *Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs.*

**Davis-Bacon Act.** The following statement needs to be included with the job specifications prior to acceptance of bids for the project: *When required by federal grant program legislation, all labors and mechanics employed by contractors or sub-contractors to work on construction projects financed by Federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.*

**Civil Rights.** The following statement needs to be in the county policy handbook or personnel manual and should also be included within the body of the grant application. Additional related documentation may be required by granting agencies. *Recipients of Federal money must comply with Title VI of the Civil Rights Act of 1964, as amended, which states: No person shall, on the ground of race, color, national origin, age, or handicap, be excluded from participation in or be subjected to discrimination in any program or activity funded, in whole or in part, by Federal funds. Discrimination on the basis of sex or religion is also prohibited in Federal programs.*

**Cash Management.** Grantee financial management systems shall include procedures to minimize the time elapsed between the transfer of funds from the granting agency and the disbursement of funds by the grantee.

**Relocation Assistance and Real Property Acquisition.** Federal aid programs may require the acquisition of property by a public agency and subsequent displacement of household and businesses. A county resolution should be adopted that contains the following statement in order for it to be in compliance with the Housing and Community Development Act of 1974 and the Civil Rights Act: *Grant recipients acquiring property in the administration of federal aid must carry out certain actions systematically, e.g., have property appraised in presence of owner, review appraisals, set price and negotiate settlements. Similarly, when displacements (relocations) are involved, the recipient must, for example, provide assistance systematically in locating replacement housing, assure that it meets acceptable standards and maintain records on all acquisitions and displacements.*

**Allowable Costs/Cost Principles.** The costs of a federally supported program is comprised of the allowable direct cost of the program plus a portion of allowable indirect costs. Federal cost principles are designed to ensure that federally assisted programs bear their fair share of recognized costs as determined by allowable cost principles. A cost is allowable for federal reimbursement only to the extent of benefits received by federal programs and costs must meet the basic guidelines for allowability or accountability, reasonableness, and allocability.

**Drug Free Workplace Act.** All organizations covered by the Drug-Free Workplace Act of 1988 are required to provide a drug-free workplace by taking the following steps:

1. *Publish and give a policy statement to all covered employees informing them that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance*

is prohibited in the covered workplace and specifying the actions that will be taken against employees who violate the policy.

2. *Establish a drug-free awareness program* to make employees aware of: (a) the dangers of drug abuse in the workplace; (b) the policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon employees for drug abuse violations.
3. *Notify employees* that as a condition of employment on a Federal contract or grant, the employee must: (a) abide by the terms of the policy statement; and (b) notify the employer, within five calendar days, if he or she is convicted of a criminal drug violation in the workplace.
4. *Notify the contracting or granting agency* within 10 days after receiving notice that a covered employee has been convicted of a criminal drug violation in the workplace.
5. *Impose a penalty on, or require satisfactory participation in,* a drug abuse assistance or rehabilitation program by any employee who is convicted of a reportable workplace drug conviction.
6. *Make an ongoing, good faith effort* to maintain a drug-free workplace by meeting the requirements of the Act.

**Administrative Requirements.** Federal assistance programs, with certain exceptions, are subject to the provisions of "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" (common rule, financial reporting, cost principles and cash management principles). See Appendix for *Internal Control Structure Policies and Procedures for Federal Grants* as published in the Federal Register.

### Registration of Warrants

Warrants are general orders payable in order of presentation when funds are found. A registered warrant is a warrant that has been issued but cannot be redeemed at that time because of lack of funds (I.C. 31-1608).

Once the county has determined there are outstanding warrants that cannot be paid due to a lack of funds, the board of county commissioners, by adopting a resolution by unanimous vote, can establish an emergency pursuant to I.C. 31-1608 and Article 7, Section 15 of the Idaho Constitution. This resolution should be reviewed by the county prosecuting attorney, who should issue an opinion letter stating the resolution is proper and the purpose of the warrants are necessary (I.C. 31-2607).

**I.C. 31-1507. Procedures for redeeming registered warrants.** If the board of county commissioners declares an emergency pursuant to I.C. 31-1608, the process of funding registered warrants shall conform to current banking and accounting requirements.

When necessary, the county treasurer shall identify ways of redeeming warrants until a warrant redemption levy is established as provided in I.C. 63-806. To this end, the county treasurer may contact local financial institutions about available interim financing options. After reviewing the alternatives provided by the county treasurer, or a financial advisor, the board of county

commissioners shall, by resolution, select the method of financing and the interest rate to be paid and direct the county auditor to establish the warrant redemption fund. The county treasurer shall complete necessary arrangements to secure sufficient funds to redeem registered warrants.

Monies used to redeem registered warrants are generated by an annual levy specifically for the warrant redemption fund (I.C. 63-806), or by money transfers from other funds to the warrant redemption fund (I.C. 31-1508). The basis for establishing such a fund and subsequently levying taxes for the fund may be found in I.C. 31-1608 (emergencies).

### Tax Anticipation Note

A Warrant Redemption Fund is used to cover expenditures already made and the levy is determined by the amount spent. A Tax Anticipation Note (TAN) is an advance of funds (via borrowing) against the collection of future property taxes on a levy already made. The TAN may be necessary in the early months of the fiscal year, or just prior to the January or July tax turnover.

Once the amount of money that needs to be borrowed is determined, the treasurer should contact lenders for a rate quote. It may also be possible to borrow from another fund as allowed by I.C. 31-1508 in order to avoid a TAN.

I.C. 63-3101 through 63-3108 provide the authorization and guidelines for the issuance of Tax Anticipation Notes. The items necessary for the lender are:

Budget	Financial Statement
Resolution	Note
Minutes Approving TAN	Tax Levy Certification
Market Value Statement	Legal Opinion
Statement of Need	

### Sale of County Property

**Per I.C. 31-829.** With consent of the board of county commissioners, personal property may be sold or used as a trade in for replacement property. If the value of replacement property warrants, bid laws must be followed. All cash received from the sale of all county property must be turned in to the county treasury for distribution to the same fund from which the property was sold.

**Per I.C. 31-808.** The board of county commissioners may dispose of personal property no longer necessary. Property exceeding \$250 in value must be sold by auction, after required publication.

**Per I.C. 67-2322-2325.** Transfer of property by a local unit government to another government body is permitted. A written agreement is required prior to any transfer of property. Transfer of property with a value greater than \$10,000 requires publication of notice.

### Tax Deed Sales

The making of a tax deed involves due process of law and requires extensive technical application of the law on the part of the tax collector (I.C. 63-1005 and 63-1006). Sale of County Tax Deeds is controlled and explained in I.C. 31-808, which also controls the distribution of receipts.

## Local Improvement District (LID)

I.C. 50-17 provides procedures for establishing a Local Improvement District. The governing body of any municipality, as defined in I.C. 50-1702, which definition includes counties, is granted the authority to create a Local Improvement District within their municipality, levy assessments on the property within the district that is benefited by the making of the improvements, and issue interim or registered warrants and local improvement bonds.

All that is needed to start the impetus towards an LID is concerned citizens wanting to improve their neighborhood. A complete list of qualifying improvements can be found in I.C. 50-1703, a few of which are sidewalks, streets, sewers, and utilities. Once the board of county commissioners are approached with the prospects of an LID, it is important that they communicate with the other officials. The second step would be to inform the resident owners of the complicating factors inherent in an LID, beginning with the initial circulation of a petition and ending with the final completion of the bond and coupon payments. The third step would be for officials to keep in complete communication among themselves and function as a single unit throughout the entire LID process, including the interim financing and construction of the project, the sale and delivery of the bonds, and the collection period, which could last several years.

The officials involved from the onset are the three commissioners, assessor, clerk, treasurer and prosecuting attorney. Your prosecuting attorney will probably recommend that you hire bond counsel in his/her stead due to this being a separate legal field and one that requires a specialized attorney. You will also need to work closely with a bonding banker, or your bond counsel may recommend a financial advisor who is experienced in the financial aspects of LIDs. See the Appendix for a detailed *Local Improvement District Project Schedule*.

## Appendix 1: Internal Control Structure Policies and Procedures for Federal Grants\*

### Accounting Applications / Financial Statement Categories

Cash	Revenue and receivables
Expenditures for goods and services and accounts payable	Single Audit and similar grant programs Payroll and related liabilities
Debt and debt service expenditures	Property, equipment and capital expenditures

### Controls used in Administering Federal Programs Specific Requirements

Eligibility	Matching
Reporting	Cost Allocation
Special requirements, if any	

### General Requirements

Activities allowed or not allowed	Allowable costs/cost principles
Cash Management	Eligibility
Equipment & real property mgmt.	Matching level of effort, Earmarking
Period of performance	Procurement & suspension & debarment
Program income	Reporting
Subrecipient monitoring	Special tests & provisions

### Resources

Government Audit Standards issued by Comptroller General of United States  
Uniform Guidance (or OMB Circular A 133 if pre-2014 grants) Audits of State and Local Government  
Office of Management and Budget's Compliance  
Supplement for Single Audits of State and Local Government  
Basic Audit Materials for granting agencies and financial audit  
Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

### Contracts

Billings from contractors	Copy of weekly wage statement
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### Real Property

Copy of check front and back

### Labor

*Time cards detailing the following information for both donated and force account labor:*

Workers name	Social Security Number
Occupation	Worker's signature
Donor's signature	Supervisor's signature
Dates and Hours worked	Hourly rate
Earnings	Check number

*If claiming fringe benefits as match expense, provide copies of billings showing rates*

**The following documentation must be provided in order for equipment to be considered donated and/or force account amounts.**

Year	Make
Model	Fuel type
Horsepower	Attachments used
Dates and hours used	Use rate
Kind of work done	Signatures of equip operator, donor, Supervisor

**Materials and other expense**

- List of supplies and materials
- Legible copy of invoice approved and identified by project number
- Donated vendors, two comparable goods price lists

**Uniform Administrative Requirements for Grants and Cooperative Agreements for State and Local Government**

**General**

Purpose and scope of this part	Scope of subpart
Definitions	Applicability
Effect on other issuance	Additions and exceptions

**Pre-Award requirements**

Forms for applying for grants	Authorized signatures
State plan	Special grant or sub-grant conditions for high-risk grantees

**Post-Award requirements**

Financial requirements	Standards for financial management systems
Payment	Allowable costs
Period of availability of funds	Matching or cost sharing
Program income	Non-Federal audit

**Changes, Property and Sub-awards**

Changes	Real property
Equipment	Supplies
Copyrights	Sub-awards to debarred and suspended parties
Procurement	Sub-grants reports, records, retention, and enforcement
Financial reporting	Termination of convenience
Retention & access requirements for records	Monitoring & reporting program performance
Enforcement	

**After the Grant Requirements**

Closeout

Later disallowance and adjustments

Collection of amounts due

*\*Source: Federal Register, Vol. 52, No.48, Friday, March 11, 1988, Rules and Regulations, Appendix B-5.*

## Appendix 2: Idaho Local Improvement District Project Schedule

C County commissioners	A Assessor
Cc County clerk	E Project engineer
Bc Bond counsel	P Property owner
Ca County attorney	U Underwriter
T Treasurer	

### STAGE I: INITIATION - CREATION

<i>Function</i>	<i>Responsible Party</i>
<b>A. Planning - issues to consider</b>	
1. Determine property owners .....	P, E, A
2. Engineer's cost estimate, boundary description, description of improvements .....	E, A
3. Report on property value and existing assessments, if any .....	E, A
4. Preliminary assessment roll .....	E, A
<b>B. Initiation of an LID</b>	
1. Petition (60%) of resident property Owners .....	P
2. Resolution of initiation I.C. 50-1706 .....	Bc, C
<b>C. Formation of an LID</b>	
1. Resolution of intention I.C. 50-1707 .....	Bc, C
2. Publication of notice of hearing I.C. 50-1708 .....	Cc
3. Affidavit of publication of notice I.C. 50-1708 .....	Cc
4. Mailing notice of hearing I.C. 50-1708 .....	Cc
5. Affidavit of mailing notice I.C. 50-1708 .....	Cc
6. Hearing on resolution of intention I.C. 50-1709 .....	Cc
7. Action on projects & adoption of Ordinance creating LID I.C.50-1710 .....	Bc, C
8. Publication of ordinance .....	Cc
9. Affidavit of publication of ordinance .....	Cc

### STAGE II: CONSTRUCTION - REPORTING

<b>A. Construction</b>	
1. Design project - plans & specs I.C. 50-1710 .....	E
2. Advertise for bids I.C. 50-1710 .....	Cc
3. Publication of notice of advertisement I.C. 50-1710 .....	Cc
4. Affidavit of publication of notice .....	Cc
5. Open bid - bidder's abstract .....	Cc
6. Award of contract to lowest responsible bidder .....	C
7. Resolution authorizing contract .....	A, C
8. Notice to proceed .....	E
9. Complete construction	



B. Interim financing	
1. Authorization of interim financing by ordinance I.C. 50-1722 .....	Bc, C
2. Resolution authorizing issuance of warrants I.C. 50-1722 .....	Bc, C
C. Reports	
1. Determine final project costs .....	E
2. Report to council and preparation of assessment roll by engineer .....	E
3. Filing of assessment roll in clerk's office I.C. 50-1712.....	E

**STAGE III: CLOSURE - SALE OF BONDS**

A. Confirming assessments	
1. Commissioners resolution accepting assessment roll and fixing time of hearing on assessment roll I.C. 50-1712 .....	Bc, C
2. Publication of notice of hearing on assessment roll I.C. 50-1713 .....	Cc
3. Affidavit of publication of notice I.C. 50-1713 .....	Cc
4. Mailing notice of hearing on assessment roll I.C. 5-1713 .....	Cc
5. Affidavit of mailing of notice I.C. 50-1713 .....	Cc
6. Hearing on assessment roll I.C. 50-1713.....	C
7. Action on protests and adoption of ordinance confirming assessment roll I.C. 50-1715 .....	Bc, C
8. Mail notice of assessment due and payment terms to property owners .....	T
9. Affidavit of mailing .....	T
10. Publication of ordinance confirming roll .....	Cc
11. Affidavit of publication .....	Cc
B. Assessment due - lien on property	
1. Certification of roll by clerk and filing with treasurer I.C. 50-1715.....	Cc, T
2. Affidavit of certification .....	Cc
3. Preparation of installment docket I.C. 50-1715.....	T
4. Filing notice of confirming ordinance and description of boundaries with County recorder I.C. 50-1715 .....	Cc
5. Affidavit of filing of notice .....	Cc
6. Expiration of 30-day period for prepayment of assessment & determination of bond issue amount.....	P
C. Issuing and selling bonds	
1. Adoption of ordinance authorizing issuance of bonds I.C. 50-1722.....	Bc, C
2. Publication of bond ordinance .....	Cc
3. Affidavit of publication of bond ordinance .....	Cc
4. Notice of sale, official statement and sale of bonds .....	Bc, U, Cc, T
5. Expiration of 30-day contest period.....	P
6. Resolution awarding bonds to purchaser.....	Bc, C

D. Delivery of bonds	
1. Bond printing .....	Bc
2. Facsimile signature certificates.....	Bc
3. Closing certificate.....	Bc
a. Transcript certificates.....	Bc
b. Signature identification .....	Bc
c. Attorneys non-litigation certificate .....	Bc
d. Arbitrage certificate .....	Bc
e. Incumbency .....	Bc
f. Official statement certificate .....	Bc
g. Payment and delivery certificate .....	Bc
E. Corrections - appeal foreclosure - segregation	
1. Amendments I.C. 50-1750 .....	C
2. Reassessments I.C. 50-1720.....	C
3. Appeal I.C. 50-1718 .....	P
4. Foreclosure I.C. 50-1721 .....	T, A
5. Segregation of assessments I.C. 50-1721a .....	C, T

#### STAGE IV: CONTINUING ADMINISTRATION

A. Collect assessments	
1. Issue delinquent certificates I.C. 50-1739 .....	T
2. Prepare "lid delinquent certificate register" I.C. 50-1740 .....	T
3. Redemption by property owner I.C. 50-1743 .....	T
4. Suit to quiet title I.C. 50-1750 .....	T, A
5. Sale of property I.C. 50-1751 .....	T
B. Maintain funds	
1. Bond fund I.C. 50-1724.....	T, Cc
2. Interest fund I.C. 50-1724 .....	T, Cc
3. Lid guarantee fund I.C. 50-1762, 1769 .....	T, Cc
4. Reserve fund I.C. 50-1771 .....	T, Cc
C. Pay bonds	
1. Call bonds I.C. 50-1724.....	T

## Appendix 3: Glossary

**Abatement.** A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments, and service charges.

**Account Number.** See **Coding**.

**Accounting Period.** See **Fiscal Period**.

**Accounting System.** The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

**Accounts Payable.** A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

**Accounts Receivable.** An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

**Accrual Basis.** The recording of the financial effects on a government of transactions and other events and circumstances when they occur, rather than only in the periods in which cash is received or paid by the government.

**Accrued Interest Payable.** A liability account which represents the amount of interest accrued at the balance sheet date but which is not due until a later date.

**Accrued Salaries and Wages Payable.** A liability account reflecting salaries and wages earned by employees but not due until a later date.

**Accumulated Depreciation.** A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

**Ad Valorem Tax.** A tax based on value (e.g., a property tax).

**Advance from Other Funds.** A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **Due to Other Funds**.

**Advance Refunding Bonds.** Bonds issued to refinance an outstanding bond issue before the date the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited in escrow with a fiduciary, invested in U.S. Treasury Bonds or other authorized securities and are used to redeem the underlying bonds at their maturity or call date, to pay interest on the bonds being refunded, or to pay interest on the advance refunding bonds.

**Advance to Other Funds.** An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **Due from Other Funds**.

**Advance Taxes.** The deposit of money with a government on the condition that the amount deposited is to be applied against the tax liability of a designated taxpayer after the taxes have been levied and such liability has been established.

**Agency Fund.** A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds. The agency fund is also

used to report the assets and liabilities of Internal Revenue Code, Section 457, deferred compensation plans.

**Allowance for Uncollectible Accounts.** A contra-asset valuation account used to indicate the portion of a receivable not expected to be collected.

**Amortization.** (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

**Annual Budget.** A budget applicable to a single fiscal year. See **Budget** and **Operating Budget**.

**Annual Financial Report.** A financial report applicable to a single fiscal year.

**Appropriation.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

**Appropriation Account.** A budgetary account set up to record spending authorizations for specific purposes.

**Appropriation Ledger.** A subsidiary ledger containing an account for each appropriation. Each account usually includes the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the available balance and other related information.

**Assess.** To establish an official property value for 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 taxation. (2) The valuation placed upon property as a result of this process. See **Special Assessment**.

**Assessment Roll.** In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation.

**Assets.** Any owned physical object (tangible) or right (intangible) having a monetary value; an item or source of wealth, expressed in terms of any cost benefiting a future period.

**Assigned Fund Balance.** Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, per GASB 54.

**Audit.** A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries and confirmations with third parties. See **Internal Auditing, Single Audit and Post Audit**.

**Auditor's Report.** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

**Authority.** A government or public agency created to perform a single function or a restricted group of related activities.

**Balance Sheet.** The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

**Basis of Accounting.** A term used to refer to *when* revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

**Bond.** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

**Bond Ordinance or Resolution.** An ordinance or resolution authorizing a bond issue.

**Bonded Debt.** The portion of indebtedness represented by outstanding bonds.

See **Gross Bonded Debt** and **Net Bonded Debt**.

**Bonds Payable.** The face value of bonds issued and unpaid.

**Book Value.** Value as shown by the books of account. In the case of assets subject to reduction by valuation allowances, 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 the value after their deduction. In the absence of any modifiers, however, book value is understood to be synonymous with net book value. Syn. **Carrying Amount**.

**Books of Original Entry.** The record in which various transactions are recorded formally for the first time (e.g., cash journal, check register or general journal). With automated bookkeeping methods, one transaction may be recorded simultaneously in several records, one of which may be regarded as the book of original entry. Memorandum books, check stubs, files of duplicate sales invoices, etc., one in which first or prior business notations may have been made, are not books of original entry in the accepted meaning of the term, unless they also are used as the media for direct posting to the ledgers.

**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 governing body for adoption, and sometimes, the plan finally approved by that body. See **Annual Budget** and **Operating Budget**.

**Budget Document.** The instrument used to present a comprehensive financial program to the appropriating governing body.

**Budget-GAAP Basis Differences.** Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable to the fund type when reporting on operations in conformity with GAAP. For example, a cash-basis budget would produce a budget-GAAP basis difference.

**Budget-GAAP Differences.** Differences between the GAAP reporting model and a government's budgetary practices.

**Budgetary Accounts.** Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

**Budgetary Comparisons.** Statements or schedules presenting comparisons between approved budgetary amounts (as amended) and actual results of operations on the budgetary basis.

**Budgetary Control.** The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

**Buildings and Building Improvements.** A capital asset account reflecting the acquisition cost of permanent structures owned or held by a government and the improvements thereon.

**Callable Bond.** A type of bond with a feature that 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.** Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, capital improvements other than buildings, infrastructure, intangible assets and land. In the private sector, these assets are referred to most often as property, plant and equipment.

**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 other capital needs.

**Capital Projects Fund.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capitalization Policy.** The criteria used by a government to determine which outlays should be reported as fixed assets.

**Carrying Amount.** The amount at which assets and liabilities are reported in the financial statements. Carrying amount also is known as book value. See **Book Value**.

**Cash.** 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.

**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 of an account is completed within a stated period of time.

**Cash with Fiscal Agent.** Deposits with fiscal agents for the payment of matured bonds and interest.

**Certificate of Achievement for Excellence in Financial Reporting Program.** A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs (Component units get a certificate for their CAFR not their CUFR) and to provide technical assistance and peer recognition to the finance officers preparing them.

**Chart of Accounts.** A list of accounts systematically arranged, applicable to a specific concern, giving account names and numbers, if any.

**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.

**Claim.** See **Voucher**.

**Clearing Account.** An account used to accumulate total charges or credits for the purpose of distributing them later among the accounts to which they are allocable or for the purpose of transferring the net differences to the proper account. See **Suspense Account**.

**Coding.** A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such manner that the symbol used reveals certain information.

**Collateral.** Assets pledged to secure deposits, investments or loans.

**Combining Statements-By Fund Type.** Such statements are presented for each fund type (e.g., special revenue funds) for which the government maintains more than one fund. They include GAAP financial statements for each fund of a particular fund type in separate adjacent columns and a total column, which duplicates the column for that fund type in the combined statements-overview.

**Committed Fund Balance.** Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, per GASB 54.

**Compensated Absences.** Absences, such as vacation, illness or personal days and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, post-retirement benefits, FMGA, FMLA, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

**Compensated Absences Payable.** A liability account reflecting amounts owed to employees for compensated absences.

**Component Unit.** A separate government unit, agency or nonprofit corporation that is combined with other component units to constitute the reporting entity in conformity with GAAP.

**Component Unit Financial Report (CUFR).** A report covering all funds and account groups of a component unit-including introductory section; appropriate combined, combining, and individual fund statements; notes to the financial statements; required supplementary information; schedules; narrative explanations; and statistical tables.

**Component Unit Financial Statements (CUFS).** Financial statements of a component unit that may be issued separately from the component unit financial report. Such statements should include the financial statements and notes to the financial statements that are essential to the fair presentation of financial position and results of operations (and changes in financial position of proprietary funds and similar trust funds).

**Comprehensive Annual Financial Report (CAFR).** The official annual report of a government. It includes (a) the five combined financial statements in the combined statements-overview and their related notes (the "liftable" GPFS) and (b) combining statements by fund type and individual fund and account group financial statements 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, required supplementary

information, extensive introductory material and a detailed statistical section. Every government reporting entity should prepare a CAFR. See **Liftable General Purpose Financial Statements**.

**Construction in Progress.** A capital asset account reflecting the cost of construction work for projects not yet completed.

**Consumption Method.** The method under which inventories are recorded as expenditures/expense when used.

**Contingent Liability.** 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. Contingent liabilities should be disclosed within the financial statements (including the notes) whenever there is a reasonable possibility a loss may be incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

**Contracts Payable.** Amounts due on contracts for assets, goods, and services received by a government. See **Accounts Payable**.

**Control Account.** An account in the general ledger in which is recorded the aggregate of debit and credit postings to a number of related accounts called subsidiary accounts. See **General Ledger and Subsidiary Account**.

**Cost Accounting.** The method of accounting that provides for assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

**Cost Ledger.** A subsidiary record wherein each project, job production center, process, operation, product or service is given a separate account to which all items entering into its cost are posted in the required detail. Such accounts should be arranged and kept so that the results shown in them may be reconciled with and verified by a control account or accounts in the general books.

**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.

**Cost-Sharing Multiple-Employers PERSI.** Essentially one large pension plan with cost-sharing arrangements (i.e., all risks and costs, including benefit costs, are shared proportionately by the participating entities). One actuarial valuation is performed for PERSI as a whole, and the same contribution rate for specific classes of employees generally applies to each participating entity.

**Cost Unit.** A term used in cost accounting to designate the unit of product or service whose cost is computed.

**Counterpart.** Another party to a transaction. In the case of deposits and investments made by government entities, a counterparty could be the issuer of a security, a financial institution holding a deposit, a broker-dealer selling securities or a third-party holding securities or collateral.

**County Deed.** A written instrument by which the county deeds such interest that the county holds under Title 63, Chapter 11. Such deed is issued upon foreclosure of the tax lien and is obtained by the purchaser at the tax sale.

**Coupon Rate.** The interest rate specified on interest coupons attached to a bond.



**Covered Payroll.** All compensation that is paid to active employees covered by PERSI and on which contributions are based. Covered payroll also may be referred to as covered compensation.

**Credit Risk.** The risk that a counterparty to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, with a financial institution holding deposits or with parties holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one counterparty.

**Current.** A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods.

**Current Assets.** Those assets which are available or can be made readily available to meet the cost of current operations or to pay current liabilities.

**Current Liabilities.** Liabilities for goods and services incurred by the last day of the fiscal year which are payable within a relatively short period of time. For governmental funds, that period is usually within 60 days of the date of the financial statement. For proprietary, fiduciary, and government-wide statements, that period is within one year from the date of the financial statements.

**Current Revenues.** Revenues of a governmental unit which are available to meet expenditures of the current year.

**Current Taxes.** (1) Taxes levied and becoming due during the current period, from the time the amount of the tax levy is first established to the date on which a penalty for non-payment is attached. (2) Taxes levied in the preceding period but becoming due in the current period, from the time they become due until a penalty for non-payment is attached.

**Custodial Agreement.** A written contract establishing the responsibilities of a custodian who holds collateral for deposits with financial institutions, investment securities or securities underlying repurchase agreements.

**Debt.** An obligation resulting from the borrowing of money or from the purchase of goods and services.

**Debt Limit.** The maximum amount of outstanding gross or net debt legally permitted.

**Debt Proceeds.** The difference between the face amount of debt and the issuance discount or the sum of the face amount and the issuance premium. Debt proceeds differ from cash receipts to the extent issuance costs, such as underwriters' fees, are withheld by the underwriter.

**Debt Ratios.** Comparative statistics illustrating the relation between the issuer's outstanding debt and such factors as its tax base, income or population. These ratios often are used as part of the process of determining the credit rating of an issue, especially with general obligation bonds.

**Debt Service Fund.** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Service Fund Requirements.** The resources which must be provided for a debt service fund so that all principal and interest payments can be made in full and on schedule.

**Debt Service Requirements.** The amount of money required to pay interest on outstanding debt.

**Deferred Charges.** Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other

disposition. (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation. See **Prepaid Items**.

**Deferred Compensation Plans.** Plans that offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes. Several sections of the Internal Revenue Code authorize certain state and local governments to provide deferred compensation plans for their employees.

**Deferred Credits.** Credit balances or items which will be spread over following accounting periods either as additions to revenue or as reductions of expenses.

**Deferred Revenue.** Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, amounts that are measurable but not available are one example of deferred revenue and also could include revenue received but not yet earned.

**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 revenues during an accounting period.

**Defined Benefit Pension Plan.** A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation. The Public Employee Retirement System of Idaho (PERSI) is a defined benefit plan.

**Delinquent Special Assessments.** Special assessments remaining unpaid on and after the date to which a late charge for non-payment is attached.

**Delinquent Taxes.** Taxes remaining unpaid on and after the date on which a late charge for non-payment is attached.

**Deposits.** In the context of required note disclosures, cash and near cash items placed on account with a financial institution or fiscal agent. Some deposits (e.g., checking accounts) are subject to withdrawal upon demand without notice or penalty (demand deposits) and others (e.g., certificates of deposits) can only be withdrawn without penalty upon completion of a fixed period (time deposits).

**Depreciation.** (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital 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.

**Depreciation Schedule.** A schedule listing the annual allocation of the cost of capital assets to future periods, using one of the depreciation methods acceptable under GAAP.

**Disbursement.** Payment in currency or by check. The term is not synonymous with expenditure.

**Double-Entry.** A system of bookkeeping requiring that every entry made to the debit side of an account(s), an entry(s) be made for an equal amount to the credit side of another account(s).

**Due from Other Funds.** An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans. See **Advance to Other Funds**.

**Due to Other Funds.** A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans. See **Advance from Other Funds**.

**Effective Interest Rate.** The rate of earning on a bond investment, based on the actual price paid for the bond, the coupon rate, the maturity date and the length of time between interest dates.

**Eminent Domain.** The power of a government to acquire private property for public purposes. It is used to obtain real property that cannot be purchased from owners in a voluntary transaction. When the power of eminent domain is exercised, owners normally are compensated by the government in an amount determined by the courts.

**Encumbrances.** Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**Enterprise Fund.** (1) A fund established to account for operations financed and operated in a manner similar to private business enterprises (e.g., water, gas and electric utilities; airports; parking garages; or transit systems). In this case the governing body intends that costs (i.e., expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered in whole or in part through user charges. (2) A fund established because 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.

**Entitlement.** The amount of payment to which a state or local government is entitled pursuant to an allocation formula contained in applicable statutes.

**Entity.** (1) The basic unit upon which accounting and/or financial reporting activities focus. The basic governmental legal and accounting entity is the individual fund and account group. (2) That combination of funds and account groups that constitutes the reporting entity for financial reporting purposes and alone may issue CAFRs and GPFS.

**Entry.** The record of a financial transaction in the appropriate book of account.

**Equipment.** See **Machinery and Equipment**.

**Escheat.** The reversion of private property to a government because there is no one to inherit or because of a breach of condition.

**Estimated Life.** The expected economic useful life of an asset from the date placed in service to the projected retirement date.

**Expenditures.** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues. (For governmental funds)

**Expenses.** Outflows or other using up of assets or acquiring of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations. (For proprietary funds)

**Face Value.** As applied to securities, the amount of the issuer's liability stated in the security document.

**Federal Deposit Insurance Corporation (FDIC).** A federal institution that insures deposits of federally chartered banks.

**Federal Financial Assistance.** For purposes of applying the provisions of the Single Audit Act of 1984 and OMB Circular A-128, *Audits of State and Local Governments*, assistance provided by a federal agency in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

**Fidelity Bond.** A written promise to indemnify against losses from theft, defalcation, and misappropriation of public funds by government officers and employees.

**Fiduciary Fund Type.** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and /or other funds.

**Financial Resources.** Cash and other assets that, in the normal course of operations, will become cash.

**Fiscal Funding Clause.** A clause in a lease agreement providing that the lease is cancelable if the legislature or other funding authority does not appropriate the funds necessary for the government unit to fulfill its obligations under the lease agreement.

**Fiscal Period.** Any period at the end of which a government determines its financial position and the results of its operations.

**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 the results of its operations.

**Fixtures.** Attachments to buildings that are not intended to be removed and 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 Current Financial Resources.** A measurement focus that recognizes the net effect of transactions on current financial resources by recording accruals for those revenue and expenditure transactions which have occurred by year end that are normally expected to result in cash receipt or disbursement early enough in the following year either (a) to provide financial resources to liquidate liabilities recorded in the fund at year end or (b) to require the use of available expendable financial resources reported at year end.

**Flow of Financial Resources Measurement Focus.** It is a measure of the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources, and the net financial resources available for future periods. This is accomplished by measuring the increases and decreases in net financial resources and the balances of any claims against financial resources using an accrual basis of accounting. This definition uses the term

"financial resources" in a way that differs from its current use. See **Financial Resources**. In this instance, the term means, cash, claims to cash (e.g., accounts and taxes receivable), and claims to goods or services (e.g., prepaid items) obtained or controlled as a result of past transactions or events. See **Flow of Current Financial Resources**.

**Foregone Amount.** The unused portion of the maximum allowable increase in the dollar amount of property taxes that has not been certified for collection.

**Forfeiture.** The automatic loss of cash or other property as a penalty for not complying with legal provisions and as compensation for the resulting damages or losses.

**Franchise.** A special privilege granted by a government permitting the continued use of a public property, such as city streets, or right-of-ways and usually involving the elements of monopoly and regulation.

**Function.** A group of related activities aimed at accomplishing a major service or regulatory program for which a governmental unit is responsible (e.g., public safety).

**Functional Classification.** Expenditure classification according to the principal purposes for which expenditures are made (e.g., public safety).

**Fund.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

**Fund Balance.** The difference between fund assets and fund liabilities of governmental and similar trust funds. GASB 54 requires fund balances to be reported according to a hierarchy determined largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet. See **Assigned Fund Balance, Committed Fund Balance, Non-Spendable Fund Balance, Restricted Fund Balance, and Unassigned Fund Balance**.

**Fund Balance Sheet.** A balance sheet for a single fund.

**Fund Type.** Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service and trust and agency.

**General Fund.** The fund used to account for all financial resources, except those required or desired to be accounted for in another fund.

**General Journal.** A journal in which are recorded all entries not recorded in special journals. See **Journal**.

**General Ledger.** A record containing the accounts needed to reflect the financial position and the results of operations of a government. In double-entry bookkeeping, the debits and credits in the general ledger are equal (i.e., the debit balances equal the credit balances). See **Control Account, Subsidiary Account and Subsidiary Ledger**.

**General Long-Term Debt.** The General Long-Term Debt Account Group is used to report that portion of the liabilities for claims, judgments, compensated absences and unfunded pension

contributions of governmental funds and expendable trust funds not expected to be liquidated through the use of expendable available financial resources.

**General Obligation Bonds.** Bonds for whose payment the full faith and credit of the issuing body are pledged.

**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 GASB.

**Governmental Accounting.** The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

**Governmental Accounting Standards Board (GASB).** The authoritative accounting and financial reporting standard-setting body for government entities.

**Governmental Fund Types.** Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities-except those accounted for in proprietary funds and fiduciary funds. In essence, these funds are an accounting segregation of financial resources. Expendable assets are assigned to a particular governmental fund type according to the purposes for which they may or must be used. Current liabilities are assigned to the fund type from which they are to be paid. The difference between the assets and liabilities of governmental fund types is referred to as Fund Balance. The measurement focus in these fund types is on the determination of financial position and changes in financial position (sources, uses and balances of financial resources), rather than on net income determination. The statement of revenues, expenditures and changes in fund balance is the primary governmental fund type operating statement. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers and other changes in fund balance. Under current GAAP, there are four governmental fund types: general, special revenue, debt service, and capital projects.

**Gross Bonded Debt.** The total amount of direct debt of a government, represented by outstanding bonds before deduction of any assets available and earmarked for their retirement.

**Imprest Account.** An account into which a fixed amount of money is placed for minor disbursements or disbursements for a specific purpose. When disbursements are made, a voucher is completed to record the date, amount, nature and purpose. From time to time, a report with substantiating vouchers is prepared; the account is replenished for the exact amount of the disbursements and the appropriate general ledger accounts are charged. The total of cash plus substantiating vouchers should always equal the total fixed amount of money set aside in the imprest account. See **Petty Cash**. This account should be audited on a regular basis.

**Improvements Other than Buildings.** Attachments or annexations to land that 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 betterment, but the term "improvements" is preferred.

**Income.** A term used in proprietary fund-type accounting to represent (1) revenues or (2) the excess of revenues over expenses. See **Net Income and Operating Income**.

**Infrastructure Assets.** Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value to the government unit.

**Interest Receivable on Investments.** Amount of interest receivable on investments.

**Interest Receivable - Assessments.** The amount of interest receivable on unpaid installments of assessments.

**Interfund Loans.** Loans made by one fund to another that are authorized by a resolution.

**Interfund Transfers.** All interfund transactions except loans, quasi-external transactions and reimbursements. Transfers can be classified as belonging to one of two major categories **Residual Equity Transfers** or **Operating Transfers**.

**Intergovernmental Revenues.** Revenue from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**Interim Financial Statements.** Financial statements prepared as of a date or for a period during the fiscal year and including only financial transactions for the period of the statement.

**Internal Auditing.** An independent appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically and the organization's objectives are being achieved. The term covers all forms of appraisal of activities undertaken by auditors working for and within an organization.

**Internal Control Structure.** Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved and to ensure the integrity of financial and accounting information.

**Internal Service Fund.** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

**Inventory.** (1) A detailed list showing quantities, descriptions, and values of property and units of measure and unit prices. (2) An asset account reflecting the cost of goods held for resale or for use in operations.

**Investments.** Securities and real estate 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.

**Journal.** Any book of original entry. See **General Journal and Register**.

**Journal Voucher.** A standard form 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.

**Judgments Payable.** The liability incurred as the result of a judgment.

**Land.** A capital asset account reflecting the cost of land owned by a government.

**Lapse.** As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided for by law.

**Lease.** A lease is defined as a contract that conveys control of the right to use another entity's asset, as specified in a contract, for a period of time in an exchange or exchange-like transaction. Leases should be recognized as a lease liability and a lease asset at the commencement of the lease term, unless it is a short-term lease or transfers ownership of the underlying asset. Governmental Accounting Standard No. 87 provides the guidance in accounting for leases.

**Ledger.** A group of accounts in which are recorded the financial transactions of an entity. See **General Ledger** and **Subsidiary Ledger**.

**Legal Level of Budgetary Control.** The level at which spending in excess of budgeted amounts would be a violation of law.

**Legal Opinion.** (1) The opinion as to the legality of an authorized official, such as an attorney general or prosecuting attorney. (2) In the case of government bonds, the opinion of a specialized bond counsel as to the legality of the bond issue.

**Level of Budgetary Control.** One of the three possible levels of budgetary control and authority to which organizations, programs, activities and functions may be subject. These levels of budgetary control are (a) appropriated budget, (b) legally authorized non-appropriated budget review and approval process, which is outside the appropriated budget process or (c) non-budgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized non-appropriated budget review and approval process, but still are relevant for sound financial management and oversight. See **Legal Level of Budgetary Control**.

**Levy.** (1) (*Verb*) to impose taxes, assessments, or service charges for the support of governmental activities. (2) (*Noun*) The total amount of taxes, assessments or service charges imposed by a government.

**Liabilities.** Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**"Liftable" General Purpose Financial Statements (GPFS).** The GPFS designed to be "liftable" from the financial section of the 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.

**Loans.** A temporary reallocation of resources between funds by loaning monies.



**Loans Receivable.** An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

**Machinery and Equipment.** Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately (e.g., within one year) by use.

**Management's Discussion and Analysis (MD&A).** A written narrative included near the front of the annual financial report that presents and explains summary information drawn from the financial statements and accompanying notes. The MD&A is also intended to bring attention to key issues that affected or will affect a government's financial health, but which may not otherwise be apparent to the user.

**Measurement Focus.** The accounting convention that determines (1) which assets and which liabilities are included on a government's balance sheet and where they are reported there, and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

**Modified Accrual Basis.** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, which is when they become both "measurable" and "available" to finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and (2) prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

**Net Bonded Debt.** Gross bonded debt less any cash or other assets available and earmarked for its retirement and less all self-supporting debt (e.g., revenue bonds).

**Net Book Value.** See **Book Value**.

**Net Income.** Proprietary fund excess of operating revenues, non-operating revenues and operating transfers in over operating expenses, non-operating expenses and operating transfers out.

**Net Revenues Available for Debt Service.** Proprietary fund gross operating revenues less operating and maintenance expenses (which normally do not include depreciation expense or interest expense on bonds). "Net Revenues available for debt service" as thus defined is used to compute "coverage" on revenue bond issues.

**Nominal Interest Rate.** The contractual interest rate shown on the face and in the body of a bond and used to compute the amount of interest to be paid, in contrast to the effective interest rate. See **Coupon Rate**.

**Non-operating Expenses.** Proprietary fund expenses not directly related to the fund's primary activities (e.g., interest).

**Non-operating Revenues.** Proprietary fund revenues incidental to, or byproducts of, the fund's primary activities.

**Non-spendable Fund Balance.** Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, per GASB 54.

**Note Payable.** In general, an unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein.

**Note Receivable.** A legal right to receive payment of a certain sum of money on demand or at a fixed or determinable time, based on an unconditional written promise signed by the maker.

**Notes to the Financial Statements.** The Summary of Significant Accounting Policies (SSAP) and other narrative disclosures required for a fair presentation of the financial statements of a government in conformity with GAAP, which is not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of the CAFR and CUFR.

**Obligations.** Amounts a government may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

**Operating Budget.** Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government. See **Annual Budget and Budget.**

**Operating Expenses.** Expenses related directly to the fund's primary activities.

**Operating Income.** The excess of operating revenues over operating expenses.

**Operating Revenues.** Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

**Operating Transfers.** All interfund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

**Ordinance.** A formal legislative enactment by the council or governing body of a county or municipality which generally requires a public hearing prior to adoption. See **Resolution.**

**Organizational Unit.** A responsibility center within a government.

**Other Financing Sources.** Governmental fund general long-term debt proceeds, amounts equal to the present value of minimum lease payments arising from capital leases, proceeds from the sale of general fixed assets, and operating transfers in. Such amounts are classified separately from revenues on the governmental operating statement.

**Other Financing Uses.** Governmental fund operating transfers out and the amount of refunding bond proceeds deposited with the escrow agent. Such amounts are classified separately from expenditures on the governmental operating statement.

**Overlapping Debt.** The proportionate share of property within each government must bear the debts of all local governments located wholly or in part within the geographic boundaries of the reporting 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) apply this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

**Oversight Responsibility.** The basic-but not the only-criterion for including a government department, agency, institution, commission, public authority or other organization in a government unit's reporting entity for general purpose financial reports. Oversight responsibility is derived from the government unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

**Oversight Unit.** In defining the reporting entity, the component unit that has the ability to exercise oversight responsibility. Typically, an oversight unit is the primary unit of government directly responsible to the chief executive and the elected legislative body.

**Per Capita Debt.** The amount of a government's debt divided by its population. Per capita debt is used to indicate the government's credit position by reference to the proportionate debt borne per resident.

**Petty Cash.** A sum of money set aside on an imprest basis to make change or to pay small obligations. When disbursements are made, a voucher is completed to record the date, amount, nature and purpose. From time to time, a report substantiating vouchers is prepared; the account is replenished for the exact amount of the disbursements and the appropriate general ledger accounts are charged. This account should be audited on a regular basis. Petty cash accounts should be reported as assets of the fund of ownership. See **Imprest Account**.

**Petty Cash Voucher.** A form used to record individual disbursements of petty cash. See **Imprest Account**.

**Post-Audit.** An examination of financial transactions that have been completed or are in various stages of completion at the end of an accounting period.

**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 before their completion.

**Prepaid Items.** Payment in advance of the receipt of goods and services in an exchange transaction. Prepaid items (e.g., prepaid rent and unexpired insurance premiums) differ from deferred charges (e.g., unamortized issuance costs) in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations.

**Principal.** In the context of bonds other than deep-discount debt, the face value or par value of a bond or issue of bonds payable on stated dates of maturity.

**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. GAAP uses 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.

**Purchase Order.** A document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

**Quasi-External Transactions.** Interfund transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the government unit (e.g., payments in lieu of taxes from an enterprise fund to the general fund; internal service fund billings to departments; routine employer contributions to a pension trust fund and routine services charges for inspection, engineering, utilities or similar services provided by a department financed from one fund to a department financed from another fund). These transactions should be accounted for as revenues, expenditures or expenses in the funds involved.

**Rebates.** Abatements or refunds.

**Receipts.** Cash received.

**Refund.** (1) (*Noun*) An amount paid back or credit allowed because of an over collection or because of the return of an object sold. (2) (*Verb*) to pay back or allow credit for an amount because of an over collection or because of the return of an object sold, or 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.

**Register.** A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required details. See **Journal**.

**Registered Warrant.** A warrant which is registered by the paying officer for future payment because of present lack of funds and which is to be paid in the order of its registration.

**Reporting Entity.** The oversight unit and all of its component units, if any, that are combined in the CAFR/GPFS.

**Repurchase Agreement.** A generic term for an agreement in which a government entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for the same securities or for different securities.

**Requisition.** A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services.

**Reserved Fund Balance.** Those portions of any fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.

**Residual Equity Transfers.** Nonrecurring or non-routine transfers of equity between funds (e.g., contribution of enterprise fund or internal service fund capital by the general fund, subsequent return of all or part of such contribution to the general fund and transfers of residual balances of discontinued funds to the general fund or a debt service fund).

**Resolution.** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute. See **Ordinance**.

**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.

**Restricted Fund Balance.** Amounts that are restricted to specific purposes by constraints that are (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) Imposed by law through constitutional provisions or enabling legislation (per GASB 54).

**Retainage Payable.** A liability account reflecting amounts due on construction contracts not paid pending final inspection of the project or the lapse of a specified period, or both. The unpaid amount is usually a stated percentage of the contract price.

**Revenues.** (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers. Also, operating transfers in are classified separately from revenues.

**Revolving Fund.** A fund set up for the purpose of carrying on a specific activity or attaining certain objectives, which in turn yield repayments in restoration of the fund, constituting a cycle, such as an imprest fund.

**Risk Management.** All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

**Salvage Value.** The amount that could be realized from sale of a dismantled asset to be removed for use elsewhere.

**Securities.** Bonds, notes, or other forms of negotiable and non-negotiable instruments.

**Segment Information.** 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 inter-period 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 to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer and is sometimes replaced with the term Self-Assurance.

**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.

**Short-Term Debt.** Debt with a maturity of one year or less after the date of issuance.

Short-term debt usually includes variable-rate debt, bond anticipation notes, tax anticipation notes and revenue anticipation notes.

**Single Audit.** An audit performed in accordance with the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

**Special Assessment.** A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Special District.** An independent unit of local government organized to perform a single government 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, transit authorities, port authorities and electric power authorities.

**Special Revenue Fund.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

**Statement of Cash Flows.** A financial statement for proprietary and nonexpendable trust funds that provides relevant information about the cash receipts and cash payments of an entity during a fiscal period. (This statement replaces statement of changes in financial position as part of a full set of financial statements).

**Statement of Cash Receipts and Disbursements.** A financial presentation summarizing an entity's cash transactions in an accounting period. This statement is not currently required by GAAP.

**Statement of Changes in Equity.** The financial statement that reconciles the equity balances of an entity at the beginning and end of an accounting period. It explains the relation between the operating statement and the balance sheet. Statements of changes in equity of governments should be combined with operating statements into "all-inclusive" operating statement formats. This is not a requirement of GAAP.

**Statistical Tables.** Presentations included in the statistical section of the CAFR/CUFR providing detailed data on the physical, economic, social and political characteristics of the reporting government. Statistical tables usually cover more than two fiscal years and often present data from outside the accounting records. Therefore, in contrast to financial section information, statistical section data are not usually susceptible to independent audit.

**Subsidiary Account.** One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account. See **Control Account** and **Subsidiary Ledger**.

**Subsidiary Ledger.** A group of subsidiary accounts of which the sum of the balances is equal to the balance of the related control account. See **General Ledger** and **Subsidiary Account**.

**Summary of Significant Accounting Policies (SSAP).** A disclosure of accounting policies, required by GAAP, that should identify and describe the accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the determination of

financial position, changes in financial position or results of operations. In general, the disclosure should encompass important judgments as to the appropriateness of principles relating to the recognition of revenue and allocation of asset costs to current and future periods; in particular, it should encompass those accounting principles and methods that involve any of the following: (1) a selection from existing acceptable alternatives. (2) Principles and methods peculiar to government and (3) unusual or innovative applications of accounting principles, including those peculiar to government.

**Supporting Schedules.** Financial presentations used (1) to demonstrate compliance with finance-related legal and contractual provisions, (2) to aggregate and present in greater detail information spread throughout the financial statements (e.g., cash balances, investments, current and delinquent taxes), (3) to present in greater detail information reported in the financial statements (e.g., additional revenue sources, changes in general fixed assets by function and (4) to present information not disclosed in GAAP financial statements (e.g., cash receipts and disbursements, changes in agency fund assets and liabilities). Supporting schedules are included on the fourth level of the financial reporting pyramid.

**Surety Bond.** A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through non-performance or through defalcation. (e.g., a surety bond may be required of an independent contractor). Surety bonds also include fidelity bonds covering government officials and employees.

**Suspense Account.** An account carrying charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted. See **Clearing Account**.

**Tax Anticipation Notes (TANs).** Notes (or warrants) issued in anticipation of the collection of taxes.

**Tax Deed.** A written instrument by which title to property is transferred from the owner of record to the county for nonpayment of property taxes.

**Tax Liens.** Claims governments have upon properties until taxes levied against them have been paid. (Idaho does not utilize tax liens.)

**Tax Rate.** The amount of tax stated in terms of a unit of the tax base.

**Tax Rate Limit.** The maximum rate at which a governmental unit may levy a tax.

**Tax Roll.** The official list showing the amount of taxes levied against each taxpayer or property.

**Taxes.** Compulsory charges levied by a government to finance services performed for the common benefit.

**Taxes Levied for Other Governments.** An asset account reflecting taxes levied by the reporting government for other governments that, when collected, are to be paid over to those governments.

**Taxes Receivable - Current.** The uncollected portion of taxes which a governmental unit has levied and which has become due but on which no late charge for nonpayment attaches.

**Taxes Receivable - Delinquent.** Taxes remaining unpaid on and after the date on which a late charge for nonpayment attaches.

**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 if their net balance agrees with a control account, the ledger from which the figures are taken is said to be in balance.

**Fiduciary Funds.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

**Unassigned Fund Balance.** This is the residual classification for the general fund, per GASB 54. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**Unclaimed Property.** Could include warrants, checks, trust monies and other sources of which the rightful owner cannot be found.

**Unliquidated Encumbrances.** Encumbrances outstanding. See **Encumbrances**.

**Voucher.** A written document which evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

**Vouchers Payable.** Liabilities for goods and services evidenced by vouchers that have been pre-audited and approved for payment but that 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.

**Warrants Payable.** The amount of warrants outstanding and unpaid.