



# **CITY OF TOPPENISH**

## **2013 Budget**

### **Section 5**

**Explanation of Fund Accounting**

**Reporting Entity**

The City of Toppenish was incorporated on April 29, 1907, and operates under the laws of the State of Washington applicable to a non-charter code city with a Council-Manager form of government. The City of Toppenish is a general-purpose government and provides public safety including police and fire protection, street maintenance and improvement, water supply, treatment, and distribution, sanitation services, wastewater collection and treatment, parks and recreation, municipal court, health and social services, and general administrative services. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

**Basis of Presentation - Fund Accounting**

The accounts of the City of Toppenish are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types and account groups used by the City:

**GOVERNMENTAL FUND TYPES:****General Fund (Current Expense Fund)**

(Fund No. 000) This fund is the general operating fund of the City. It accounts for all financial resources and transactions except those that are required to be accounted for in another fund.

**Special Revenue Funds**

(Funds in the 100 series) These funds account for revenues derived from specific taxes, grants, or other sources, which are designated to finance particular activities of the City.

**Debt Service Fund Types**

(Funds in the 200 series) These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt, general obligation debt, intergovernmental long-term loans, and special assessment debt.

**Capital Project Fund Types**

(Funds in the 300 series) These funds account for financial resources, which are designated for the acquisition or construction of general government capital improvements.

**PROPRIETARY FUND TYPES:****Enterprise Funds**

(Funds in the 400 series) These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business, where the intent is that costs of providing goods or services to the general public on a continuing basis must be financed or recovered through user charges.

**Internal Service Funds**

(Funds in the 500 series) These funds account for operations that provide goods or services to other departments or funds of the City or to other governmental units on a cost-reimbursement basis.

**FIDUCIARY FUND TYPES:**

Fiduciary funds account for assets held by the City of Toppenish in a trustee capacity or as an agent on behalf of others.

**Pension Trust Funds**

(Funds in the 611-620 Series) These funds are used to account for the operations of a trust established for employee retirement benefits.

**700 Permanent Funds**

(Fund 701) These funds are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the cemetery.

The Reserve for Endowments in the Cemetery Perpetual Care Fund represents amounts paid for perpetual care of the cemetery plots. Income on the investment of the principal is used to maintain the plots and for cemetery beautification. The endowment principal is considered non-expendable.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Accounting records for the City of Toppenish are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The City uses the revenue and expenditure classifications contained in the Budgeting, Accounting and Reporting System (BARS) prescribed by the State Auditor.

Revenues are recognized only when received in cash and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations as required by state law.

This is a departure from generally accepted accounting principles, which require revenue and expenditure recognition on the accrual basis of accounting (GAAP). Purchases of fixed assets are expensed during the year acquired. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

**Revenue Categories**

Revenues are arranged by fund, categorized in a basic account format. Following is a brief summary of those basic accounts:

**308 Beginning Net Cash & Investments**

This account includes the estimated and actual amounts of cash and investments available for appropriation at the beginning of the year.

**310 Taxes**

This account includes tax assessments levied for the support of the City. Including property taxes, sales and use taxes, franchise fees, business and occupation taxes, excise taxes and gambling taxes.

**Licenses and Permits**

This account includes revenues for charges for the issuance of licenses and permits. Including, but not limited to, proceeds from the issuance of business licenses, animal licenses, land use permits (and fees) and parking fees. Licenses and permit fees are designed to cover the cost of administration, inspection and continuing services in connection with regulation.

**Intergovernmental Revenue**

This account includes revenues derived from Federal and State grants, State and Interlocal shared revenues, entitlements, and in-lieu taxes. Revenues collected in this account include motor vehicle fuel tax, criminal justice, liquor excise tax and liquor board profits.

**Charges for Goods & Services**

This account includes fees and charges for professional or other services rendered. Included in this account are water and sewer collections, garbage collections, and late charges on utilities.

**Miscellaneous Revenues**

This account is used for all other resources collected, which are not otherwise provided for through the above referenced accounts. Included in this account are investment interest earnings and sales interest.

**380/90 Non-Revenues**

This account is used for non-revenues such as investment sales and transfers between funds. This account is not recognized within the budget.

**Expenditure Categories**

Expenditures are arranged by fund, categorized in a basic account format. Following is a brief summary of those basic accounts:

**508 Ending Net Cash & Investments**

This account is defined as the estimated amount of cash and investments that have not been appropriated or the actual amount that has not been spent at the end of the fiscal year.

**510 General Government Services**

This account is a major class of services provided by the legislative, judicial and administrative branches of the governmental entity for the benefit of the public or governmental body as a whole.

**520 Public Safety**

This account includes all Public Safety services including Police; Fire; Detention and/or Corrections; Protective Inspections; Ambulance, Rescue, and Emergency Aid; and Communications, Alarms and Dispatch.

**530 Utilities and Environment**

This account includes all utilities provided by the City such as Water, Sewer and Solid Waste.

**540 Transportation**

This account is used for all aspects of transportation including road and street preservation, maintenance and operations.

**550 Economic Environment**

This account is used for those services including Community Services, Planning and Community Development, and Housing and Community Development.

**560 Mental and Physical Health**

This account provides for all aspects of Public Health including mental health services and substance abuse.

**570 Culture and Recreation**

This account is used for Library services; Spectator and Community Events; Participant Recreation; Cultural and Recreational Facilities; and Park Facilities.

**580 Non-Expenditures**

This account is used for Interfund Loan Disbursements; Redemption of Long-Term Debt for Proprietary Funds (utility funds); Agency type disbursements; and any other miscellaneous non-expenditures.

**594/95 Capital Expenditures**

This account is used for the purchase of capital items including roads/street construction and other infrastructure.

**597/99 Other Financing Uses**

This account is used for Transfers-Out between funds and Intergovernmental Payments.

The City of Toppenish's fund accounting detail is as follow:

**General Fund Details**

- 011.00 Legislative Services
- 012.00 Municipal Court Services
- 013.00 Executive Services
- 014.20 Financial Services
- 014.30 Records Services
- 014.70 Risk Management
- 015.10 Legal Services
- 016.20 Personnel Services
- 018.30 Central Services
- 018.80 Information Technology Services
- 019.00 General Government Services
- 021.10 Administration Law Services
- 021.21 Police Investigations Services
- 021.22 Police Patrol Services
- 021.30 Crime Prevention Services
- 021.60 Care & Custody of Prisoners
- 021.80 Com, Alarms & Dispatch Services
- 021.00 Animal Control Services
- 022.10 Fire Administration Services
- 022.20 Fire Suppression Services
- 022.80 Rescue & Emergency Aid Services
- 024.20 Protective Inspections
- 024.60 Code Enforcement
- 058.60 Planning & Comm. Development
- 074.20 Recreation Services
- 076.20 Swimming Pool Services
- 076.80 Park Maintenance Services

**General Fund (Management Funds)**

- 002.00 General Fund Capital Reserve
- 003.00 Welcome Center
- 004.00 Railroad Depot Facility
- 030.00 Criminal Justice

**Special Revenue Fund Detail**

- 101 Street Operations & Maintenance
- 102 Street Capital
- 104 Trails & Path Services
- 106 Tourism Development
- 108 Cemetery Services
- 116 Municipal Capital Improvement
- 119 Miscellaneous Grants
- 121 Urban Development Action Grant
- 129 Special Investigative Drug Account
- 150 Special Projects
- 170 Housing Rehabilitation

**Debt Service Fund Details**

- 225 CERB Grant/Loan

**Enterprise Fund Details**

- 401 Water Operations
- 403 Wastewater Operations
- 405 Solid Waste Operations
- 410 Water Capital
- 413 Wastewater Capital
- 427 DOE Centennial Loan/Sewer Reserve
- 457 Cable TV
- 458 Cable TV Capital Reserve

**Internal Service Fund Details**

- 510 Vehicle Replacement

**Trust Fund Details**

- 611 Firemen's Pension Trust

**Permanent Fund Details**

- 701 Cemetery Perpetual Care