



CGFOA

Introduction to Governmental Accounting

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Introduction to Governmental Accounting

- Introductions
 - Name
 - Entity or Government
 - Position
 - What would you like to learn today?

FUNDS

- Fund Accounting

- What is a fund?

- a fiscal and accounting entity
 - self-balancing set of accounts
 - cash and other financial resources
 - liabilities
 - residual equities or balances,
 - segregated for the purpose of carrying on specific activities or attaining certain objectives
 - in accordance with special regulations, restrictions, or limitations.”

FUND TYPES

- Types of Funds
 - Governmental
 - General
 - Special revenue
 - Debt Service
 - Capital Projects
 - Permanent
 - Proprietary
 - Enterprise
 - Internal Service

FUND TYPES

- Types of Funds (Cont' d)
 - Fiduciary
 - Pension
 - Investment
 - Private purpose
 - Agency
- How many funds is a government required to have?

CHART OF ACCOUNTS

Balance Sheet

- Assets
- Liabilities
- Fund Balance

CHART OF ACCOUNTS

Statement of Revenues and Expenditures

- Revenue
- Expenditures

CHART OF ACCOUNTS

- Standard Chart of Accounts
- 100 Assets
- 200 Liabilities
- 300 Fund Balance (Equity)

- 400 Revenues
- 500 Expenditures

CHART OF ACCOUNTS

- Federal Government &
Colorado School Districts

- 7000 Assets
- 8000 Liabilities
- 6000 Fund Balance

- 1000-4000 Revenues
- 5000 Transfer of Funds
- 0000-0999 Expenditures

Accounting Formula

- **Assets = Liabilities + Fund Balance**
- Accounts with Debit Balances
 - Assets
 - Expenses & Expenditures
- Accounts with Credit Balances
 - Liabilities
 - Fund Balance
 - Revenues

(Exercise #1 and #2)

Recording Transactions

- **Account:** an accounting record of increase and decreases in a specific asset, liability, or equity (fund balance) item.
- In its simplest form an account consists of 3 items:
 - Title
 - Left side or debit side
 - Right side or credit side

(Exercise #3)

Recording Transactions

- Journalizing the transactions
 - Date of the transaction
 - Accounts and amounts to be debited and credited
 - Brief explanation of the transaction

 - Each transaction must balance debits to credits (double entry accounting)
 - In Fund Accounting, the transactions for EACH fund must balance debits to credits

Types of Journals



gws167051 fotosearch.com

Posting the Journals

- The General Ledger contains all the asset, liability, equity, revenue and expenditure accounts.
- You may record all your transactions using a General Journal.
- Transactions will be “posted” to your general ledger accounts.

Process

- The usual sequence of steps in the transaction recording process is:
 - a. journal - analyze - ledger.
 - b. analyze - journal - ledger.
 - c. journal - ledger - analyze.
 - d. ledger - journal - analyze.

BANK RECONCILIATIONS

- Every Bank Account must be Promptly Reconciled
- Segregate duties from person(s) involved in receipts & disbursement functions
- Reconcile the bank statement to the general ledger “books”.
- Lack of agreement between the two has two causes:
 - Time lags
 - Errors

BANK RECONCILIATIONS

- Reconciling Items
 - Deposits in Transit
 - Outstanding checks
 - Errors
 - Non-sufficient funds
 - Notes collected by the bank
 - Check printing or bank charges
 - EFT' s (Electronic Funds Transfer)
 - Notes paid by the bank

Journal Entries

- Journal entries are created from all your other journals. Even though you may only see one side of the transaction, both sides are taking place.
- Adjusting entries are prepared when accounts need to be adjusted for transactions that don't appear in another journal.
 - Deferrals
 - Accruals
 - depreciation

Fund Balance

- Fund balance accumulates the revenue over expenditures over time.
- Revenues and Expenditures “close” to Fund Balance at year end.
- Types of Fund Balance:
 - Non-Spendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned

Budgets

- Preparation and approval of annual budget is required by law CRS 29-1-103.
- Prior Year Actual
Current Year Estimates
Proposed for next year
- Must be formally adopted by your governing body
- Can not expend more than you appropriate

Budgets

- <http://www.dola.state.co.us/dlg/ta/budgeting/calendar.html>
- [http://www.dola.state.co.us/dlg/ta/budgeting/docs/statutory budget format requirements.pdf](http://www.dola.state.co.us/dlg/ta/budgeting/docs/statutory_budget_format_requirements.pdf)
- <http://www.leg.state.co.us>

Segregation of Duties

Key element in Internal Control

Should not be able to perpetrate and to conceal errors or fraud in their normal course of their duties.

Fraud Triangle: 3 factors that contribute to fraudulent activity by employees: opportunity, financial pressure, and rationalization.

Segregation of Duties

Incompatible duties to be segregated

- Custody of assets.
- Authorization or approval of related transactions affecting those assets.
- Recording or reporting of related transactions.

Auditor Expectations

- All accruals and deferrals should be recorded i.e. booked (revenue recognition and matching principal).
- All balance sheets accounts should be reconciled.
- Have available all supporting worksheets and reconciliations to “prove” the balances, including bank reconciliations.

Auditor Expectations

- Trial Balance should be “Balanced” .
- Adopted and any revisions to Budgets available.
- Review prior year(s) journal entries made by the auditors.



Colorado Statutes

- Helpful websites
 - Colorado Statutes and Constitution
 - <http://www.leg.state.co.us>
 - Division of Local Governments
 - <http://www.dola.state.co.us>

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Q & A

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