BUDGETING, ACCOUNTING AND REPORTING SYSTEM (BARS)

For

Cities And Counties
And Other Local Governments
(Category 2)

Washington
State Auditor
Brian Sonntag

FOR CATEGORY 2 LOCAL GOVERNMENTS

Copies of this manual will be furnished
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DEDICATION

This edition of the BARS Manual is dedicated to the memory of

WILLIAM L. LAVAGNINO
(December 17, 1918 - September 22, 1983)

Bill pioneered the development of the Budgeting, Accounting and Reporting System. Although he was fiercely proud of the system, he advocated its continual review and modification to meet the needs of local governments.

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DESIGN AND PRESCRIPTION

The chart of accounts and procedures contained in this manual must be used by all counties and cities and other local governmental units as prescribed by the State Auditor's Office (RCW 43.09.200).

The uniform system of accounts is best applied consistently throughout the budgeting, accounting, and reporting cycles. However, it is permissible to use a different system of numbers for internal accounting, so long as equivalent detail is maintained for reporting purposes. The prescribed chart of accounts must be used for detail reporting of revenues and expenditures.

Counties and cities are divided into two categories as follows:

> Category 1 - Cities with populations of 25,000 or more, and counties with populations of 50,000 or more. Local governments in this category must use this chart of accounts for budgeting and reporting in conformity with generally accepted accounting principles (GAAP) as defined in the Glossary.
>
> Category 2 - Cities and towns with populations under 25,000, counties with populations under 50,000 and all other local governments which use BARS, unless otherwise prescribed. **Local governments in this category may follow single-entry accounting and cash-basis reporting procedures[1] which do not reflect financial condition and results of operations in conformity with GAAP.** Single-entry accounting, as permitted in this manual, requires full compliance with all legal requirements. Category 2 municipalities may use the system prescribed for Category 1 municipalities and report in conformity with GAAP.

Districts and utilities are categorized into two groups as follows:

> Classified - Utilities or districts having $2,000,000 or more in combined annual gross operating revenues. These entities are required to prepare financial statements in conformity with GAAP. Using the BARS Category 1 manual will satisfy this requirement.
>
> Unclassified - Utilities or districts having less than $2,000,000 in combined annual gross operating revenues. **Entities in this category may follow single-entry accounting and cash-basis reporting procedures which are not in conformance with GAAP[2].** These entities may use the BARS Category 2 manual.

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[1] Exception: Category 2 entities must employ double-entry accounting for an enterprise and internal service funds that have combined annual gross operating revenue of $2,000,000 or more.

[2] If the utility receives Farmers Home Administration (FHA) grants or loans, the utility is required, by FHA, to either present financial statements in accordance with GAAP or to obtain an exemption from the FHA.

The FHA does not require the utility to have a full-accrual double-entry accounting system. Accounting records may be kept on a single-entry, cash basis. It is the utility choice which system of accounting to use in daily operations. Utilities can use the accountive system prescribed by an appropriate federal regulatory body or the full-accrual portions of the Category 1 BARS Manual.

DESIGN AND PRESCRIPTION

Account Code Structure

In the BARS structure a sixteen (16) digit code accommodates the various transactions. Of these 16 digits, 7 digits are fully reserved for the Account Number, which means that if you decide to use unassigned portions of this field for local purposes, you should be aware that additional account coding may be prescribed in the future which will supplant your local applications.

In addition to this seven digit Account Number, the Organizational Number includes a field of three digits for fund code, three digits for the program code, and three digits for the department code, for a total code structure of 16 digits. THE PARTICULAR CODES IN THE FUND, LOCAL OPTION FIELDS GENERALLY ARE ASSIGNED LOCALLY.

The account structure is designed to provide for complete identification of each transaction. The same Account Number is used for budgetary estimates and for actual resources or outlays.

❶	❷	❸	❹ ❺	❻	❼
P L L	L L L	L L L	P P P	P P	P P
Fund field	Local Option field	Local Option field	Prime and BASUB field	Element and subelement field	Object and subobject field

_____/ Organizational Number

_____/ Account Number

P = Specific coding is prescribed in the BARS manual.
L = The fields are established in the BARS manual, but specific numbers are assigned by each local government.

The first part of the account code is the ORGANIZATIONAL NUMBER indicating:

	Digits
Fund	xxx
Local Option	xxx
Local Option	xxx

The second part of the account code is the ACCOUNT NUMBER, consisting of:

	Digits
Prime Digit	x
Basic and Subaccount (BASUB)	xx
Element/Subelement	xx
Object/Subobject	xx

DESIGN AND PRESCRIPTION

The account code structure has the following components:

❶ **FUND CODE** - used to identify funds created and maintained for a particular purpose and having transactions subject to legal or administrative restrictions. (See Part 3, Chapter 1 for additional information.)

General (Current Expense) Fund	000-099
Special Revenue Funds	100-199
Debt Service Funds	200-299
Capital Projects Funds	300-399
Permanent Funds	700-799
Enterprise Funds	400-499
Internal Service Funds	500-599
Investment Trust Funds	601-610
Pension (and Other Employee Benefit) Trust Funds	611-620
Private-Purpose Trust Funds	621-630
Agency Funds	631-699

❷ **LOCAL OPTION CODE** - The numbers are determined by each entity. If used, they must have three digits, so "1" should be "001". The code may be used to identify a group of interdependent, closely related activities contributing to a common objective or a group of allied objectives.

❸ **LOCAL OPTION CODE** - The numbers are also determined locally. If used, they must have three digits; i.e., department "1" or "23" should be "001" or "023". The code may be used to identify distinct departments of the government. Also may be used in grant accounting to sequence grants from a single source.

❹ **PRIME DIGIT** - the first figure in the seven digit Account Number, assigned as follows:

1 (One) denotes an asset account. *(Not applicable to CAT 2 entities.)*

2 (Two) denotes a liability or fund balance account. It also denotes budgetary and nominal control accounts. *(Not applicable to CAT 2 entities.)*

3 (Three) denotes a revenue, nonrevenue, or other financing source detail (subsidiary) account.

4 Reserved.

5 (Five) denotes expenditure, nonexpenditure, or other financing use detail (subsidiary) account.

6 (Six) denotes an expense account in a proprietary fund, the prime digit six substituting for an entire expenditure BASUB/element. Used when the 5XX account code does not provide enough room for the needed detail. *(Not applicable to CAT 2 entities.)*

7 (Seven), 8 (Eight) and 9 (Nine) are not being used as prime digits currently.

❺ BASIC/SUB (BASUB) CODES

Revenue - The numbers assigned to identify the source (origin or originating category) from which revenues are obtained.

Expenditure/Expense - The numbers assigned to identify different categories of operations from which expenditures/expenses are incurred.

❻ ELEMENT/SUBELEMENT CODES

Revenue - The numbers assigned to further identify specific types of revenues within a particular Basic/Sub category.

Expenditure/Expense - The numbers assigned to further identify specific types of activities related to the particular Basic/Sub category.

❼ OBJECT/SUBOBJECT CODES

Revenue - Generally, the numbers have not been defined, and are available for the additional coding by the entity. However, as the BARS manual is updated, it may be necessary to define these codes.

Expenditure/Expense - The numbers assigned to identify expenditures/expenses according to the character and the type of items purchased or services obtained.

DESIGN AND PRESCRIPTION

MINIMUM LEVELS FOR REPORTING EXPENDITURES AND REVENUES

The following chart summarizes the amount of detail required:

Item Description	Example	EXPENDITURES[1/]
Fund	001	X
Local Option	000	Optional
Local Option	000	Optional
Prime Digit	500	X
Basic Account	510	X
Subaccount	514	X
Element	514.20	X
Subelement	514.23	Optional[2/]
Object	514.23.21	X
Subobject	514.23.21	Optional[2/]

Item Description	Example	REVENUES[1/]
Fund	001	X
Local Option	000	Optional
Local Option	000	Optional
Prime Digit	300	X
Basic Account	330	X
Subaccount	334	X
Element	334.03	X
Subelement	334.03	Optional[2/]
Object	334.03.1	Optional[2/]
Subobject	334.03.11	Optional[2/]

1/ For requirements in coding nonrevenues and nonexpenditures see Part 1, Chapter 3 and Chapter 4.

2/ Except when specifically prescribed in the BARS manual.

Revenue Account Numbering - EXAMPLE

Account codes are derived from the chart of accounts by selecting a series of numbers which describe a transaction. For example, assume that the police chief receives revenue from services at privately sponsored athletic events. The following steps show the procedure used to classify this information:

Step 1: Select a basic account which describes the source of the revenue. (See Part 1, Chapter 3, RESOURCES):

310.00	TAXES
320.00	LICENSES AND PERMITS
330.00.00	INTERGOVERNMENTAL REVENUES
340.00	CHARGES FOR GOODS AND SERVICES
350.00	FINES AND FORFEITS
360.00	MISCELLANEOUS REVENUES
380.00	NONREVENUES
390.00	OTHER FINANCING SOURCES

Step 2: From the subaccounts shown under the basic account select the one which describes the type of charge.

340.00	CHARGES FOR GOODS AND SERVICES
341.00	GENERAL GOVERNMENT
342.00	SECURITY OF PERSONS AND PROPERTY
343.00	UTILITIES AND ENVIRONMENT
344.00	TRANSPORTATION
345.00	ECONOMIC ENVIRONMENT
346.00	MENTAL AND PHYSICAL HEALTH
347.00	CULTURE AND RECREATION
348.00	INTERNAL SERVICE FUND SALES AND SERVICES
349.00	INTERFUND/INTERDEPARTMENTAL - SALES AND SERVICES

Revenue Account Numbering (cont.)

Step 3: From the elements shown under the subaccount, 342.00 selected in Step 2, select the revenue element which describes the service rendered.

342.10	LAW ENFORCEMENT SERVICES
342.20	FIRE PROTECTION SERVICES
342.30	CHARGES FOR DETENTION AND CORRECTION SERVICES
342.40	PROTECTIVE INSPECTION FEES
342.50	EMERGENCY SERVICE FEES
342.60	AMBULANCE AND EMERGENCY AID FEES
342.70	JUVENILE SERVICES
342.80	COMMUNICATION SERVICES
342.90	OTHER

Expenditure Account Numbering - EXAMPLE

A similar procedure is used to classify expenditures. For example, assume that the information to be classified is the supplies for Police Department administrators. The following steps show the procedures used to locate the proper account number.

Step 1: Select the basic account under which the activities of the Police Department would normally fall. (See Part 1, Chapter 4, EXPENDITURES/USES)

510.00	GENERAL GOVERNMENT SERVICES
520.00	SECURITY OF PERSONS AND PROPERTY
530.00	UTILITIES AND ENVIRONMENT
540.00	TRANSPORTATION
550.00	ECONOMIC ENVIRONMENT
560.00	MENTAL AND PHYSICAL HEALTH
570.00	CULTURE AND RECREATION
580.00	NONEXPENDITURES
591-593	DEBT SERVICE
594-595	OTHER EXPENDITURES
597-599	OTHER FINANCING USES

Step 2: Select a subaccount which describes the function of the Police Department.

520.00	SECURITY OF PERSONS AND PROPERTY
521.00	LAW ENFORCEMENT
522.00	FIRE CONTROL
523.00	DETENTION AND/OR CORRECTION
524.00	PROTECTIVE INSPECTIONS
525.00	EMERGENCY SERVICES
526.00	AMBULANCE, RESCUE AND EMERGENCY AID
527.00	JUVENILE SERVICES
528.00	COMMUNICATIONS, ALARMS AND DISPATCH

Expenditure Account Numbering (cont.)

Step 3: Select the element which identifies the function being performed.

521.00	LAW ENFORCEMENT, Those activities normally related to police services and the support of police services.
521.10	ADMINISTRATION
521.20	POLICE OPERATIONS
521.21	INVESTIGATION
521.22	PATROL
521.23	SPECIAL UNITS
521.24	LABORATORY
521.25	ENFORCEMENT OF GAMBLING ACT
521.30	CRIME PREVENTION
521.40	TRAINING
521.50	FACILITIES
521.70	TRAFFIC POLICING
521.90	OTHER SERVICES
521.91	PROPERTY ROOM
521.92	PROTECTION SERVICES

Step 4: Select an object which describes the purpose of the expenditure. (See Part 1, Chapter 4, *Classification of Expenditures by Object*.)

30	SUPPLIES
31	Office and Operating Supplies
32	Fuel Consumed
33	Power, Water, Gas Purchased for Resale
34	Supplies Purchased for Inventory or Resale
35	Small Tools and Minor Equipment

Use of the general ledger accounts in CAT 2 entities is **OPTIONAL**. Please contact the State Auditor's Office, Local Government Support Team, for a copy of this chapter.

300 RESOURCE ACCOUNTS

Do **NOT** post transactions to summary accounts. Account headings and parenthesis indicate if a particular account is considered a summary account.

ALL accounts are prescribed unless the local government does not have that type of revenue.

The 300 series of accounts categorize all resources by type and source.

Most of the prescribed subsidiary revenue and nonrevenue codes are limited to five (5) positions; however, a total of seven (7) positions are reserved for BARS information, i.e. - 300.00.00.

BASIC ACCOUNTS

308 BEGINNING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

310 TAXES
320 LICENSES AND PERMITS
330 INTERGOVERNMENTAL REVENUES
340 CHARGES FOR GOODS AND SERVICES
350 FINES AND FORFEITS
360 MISCELLANEOUS REVENUES
380 NONREVENUES
390 OTHER FINANCING SOURCES

308 BEGINNING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

(310) TAXES

- **(311) GENERAL PROPERTY TAXES**
- **(312) TIMBER HARVEST TAXES**
- **(313) RETAIL SALES AND USE TAXES**
- **314 INTERFUND TAXES**
- **(316) BUSINESS TAXES**
- **(317) EXCISE TAXES**
- **318 OTHER TAXES**
- **(319) PENALTIES AND INTEREST ON DELINQUENT TAXES**

(320) LICENSES AND PERMITS

- **(321) BUSINESS LICENSES AND PERMITS**
- **(322) NON-BUSINESS LICENSES AND PERMITS**
- **329 INTERFUND LICENSES AND PERMITS**

(330) INTERGOVERNMENTAL REVENUES

- **(331) DIRECT FEDERAL GRANTS**
- **(332) FEDERAL ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES**
- **(333) INDIRECT FEDERAL GRANTS**
- **(334) STATE GRANTS**
- **(335) STATE SHARED REVENUES**
- **(336) STATE ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES**
- **(337) INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES**
- **(338) INTERGOVERNMENTAL SERVICE REVENUES**

(340) CHARGES FOR GOODS AND SERVICES

- **(341) GENERAL GOVERNMENT**
- **(342) SECURITY OF PERSONS AND PROPERTY**
- **(343) PHYSICAL ENVIRONMENT**
- **(344) TRANSPORTATION**
- **(345) ECONOMIC ENVIRONMENT**
- **(346) MENTAL AND PHYSICAL HEALTH**
- **(347) CULTURE AND RECREATION**
- **(348) INTERNAL SERVICE FUND SALES AND SERVICES**
- **(349) INTERFUND/INTERDEPARTMENTAL - SALES AND SERVICES**

(350) FINES AND FORFEITS

- **(351) SUPERIOR COURT - FELONY/MISDEMEANOR PENALTIES**
- **(352) CIVIL PENALTIES**
- **(353) CIVIL INFRACTION PENALTIES**
- **354 CIVIL PARKING INFRACTION PENALTIES**
- **(355) CRIMINAL TRAFFIC MISDEMEANOR FINES**
- **(356) CRIMINAL NON-TRAFFIC FINES**
- **(357) CRIMINAL COSTS**
- **(359) NON-COURT FINES, FORFEITURES AND PENALTIES**

(360) MISCELLANEOUS REVENUES

- **(361) INTEREST AND OTHER EARNINGS**
- **(362) RENTS, LEASES, AND CONCESSIONS**
- **363 INSURANCE PREMIUMS AND RECOVERIES**
- **(365) INTERNAL SERVICE FUND MISCELLANEOUS REVENUES**
- **(366) INTERFUND/INTERDEPARTMENTAL - MISCELLANEOUS REVENUES**
- **(367) CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES**
- **368 SPECIAL ASSESSMENT PRINCIPAL**
- **(369) OTHER**

(370) CAPITAL CONTRIBUTIONS (PROPRIETARY FUNDS ONLY)

- **374 CAPITAL CONTRIBUTIONS - FEDERAL/STATE/LOCAL**
- **379 CAPITAL CONTRIBUTIONS**

(380) NONREVENUES

- **(381) INTERFUND LOAN RECEIPTS**
- **(382) PROCEEDS OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY**
- **384 PROCEEDS FROM SALES OF INVESTMENTS**
- **386 AGENCY TYPE DEPOSITS**
- **388 OTHER INCREASES IN NET CASH AND INVESTMENTS**
- **389 OTHER NONREVENUES**

(390) OTHER FINANCING SOURCES

- **(391) PROCEEDS OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY**
- **393 PROCEEDS OF REFUNDING LONG-TERM DEBT**
- **(395) DISPOSITION OF CAPITAL ASSETS**
- **397 TRANSFERS-IN**

308 BEGINNING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

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

(310) TAXES (Summary Account)

(311) GENERAL PROPERTY TAXES (Summary Account)

Ad valorem taxes levied on an assessed valuation of real and personal property. Include compensating tax and property taxes on land with statutory values, such as forest land, reforestation land, open space land, etc. (RCW 84.33.120, .140, .145)

Note: Account 311.00 should not include: (1) non-tax revenue; or (2) taxes levied by the municipality upon subjects or bases other than general property. This account should include taxes levied by a county and diverted to a city because of annexation.

311.10 REAL AND PERSONAL PROPERTY TAXES (RCW 84.56.230 and RCW 35.13.270**).** Additional earmarked levies of real and personal property tax should be coded using the subelement (5th) digit. (E.g., Emergency Medical Services (RCW 84.52.069), Veterans Relief (RCW 73.08.080), Community Services (RCW 71.20.110), etc.)

311.20 DIVERTED COUNTY ROAD PROPERTY TAXES (RCW 36.33.220 and 36.82.040). For details see Part 3, Chapter 12, Interpretation 3.

311.30 SALE OF TAX TITLE PROPERTY (RCW 36.35.110)

311.60 DEFERRED PROPERTY TAXES (RCW 84.38.120)

(312) TIMBER HARVEST TAXES (Summary Account)

312.10 PRIVATE HARVEST TAX. County-levied tax on private timber harvest. See 335.02.31 for reforestation harvest tax and 335.02.33 for timber sales from the state forest land (Chapter 84.33 RCW).

(313) **RETAIL SALES AND USE TAXES** (Summary Account)

Taxes imposed upon the sale or consumption of goods and/or services generally, with few or limited exemptions. Include sales taxes levied by the governmental unit even though collected and distributed by the state after deduction of a handling fee. The net amount received should be reflected in the account. (Chapter 82.14 RCW)

Note: Account 313 should not include any interest earnings. Use Account 361.90.

313.10 **LOCAL RETAIL SALES AND USE TAX** (RCW 82.14.060)

313.17 **ZOO, AQUARIUM AND WILDLIFE FACILITIES SALES AND USE TAX (RCW 82.14.400).** To be used solely for financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, re-equipping, or improvement of zoo, aquarium and wildlife preservation and a display facilities that are currently accredited by the American Zoo and Aquarium Association. Also, can be used for parks as defined in RCW 82.14.400.

313.18 **RURAL COUNTY SALES AND USE TAX** (RCW 82.14.370)**.** The money collected should only be used for financing public facilities in rural counties. "Public Facilities" and "Rural Counties" are defined by RCW 82.14.370(3)&(5).

313.19 **REGIONAL CENTERS SALES AND USE TAX** (RCW82.14.390). The money collected should only be used for financing a regional center as defined by RCW 35.57.020.

(313.20) **LOCAL RETAIL SALES AND USE TAX-TRANSPORTATION** (Summary Account)

Tax collected and distributed by the state, restricted for public transportation system and/or high capacity transportation.

313.21 **PUBLIC TRANSPORTATION SYSTEMS** (RCW 82.14.045)

313.22 **HIGH CAPACITY TRANSPORTATION (HCT)** (RCW 81.104.160(2), .170)

313.30 **HOTEL/MOTEL TAX** (Chapter 67.28 RCW). Funds distributed are to be used solely for the purpose of paying all or any part of the cost of tourism promotion and acquisition or operation of tourism – related facilities (RCW 67.28.1815).

313.50 **HOTEL/MOTEL TAX - CONVENTION/TRADE CENTER** (RCW 67.40.100). Can be imposed only by the city incorporated before 1982 with a population over 60,000 located in a county with a population over one million (other than Seattle).

313.60 **NATURAL GAS USE TAX** (RCW 82.14.230)

(313.70) **LOCAL RETAIL SALES AND USE TAX - PUBLIC SAFETY** (Summary Account)

313.71 **CRIMINAL JUSTICE FUNDING.** Funds distributed are to be used exclusively for criminal justice purposes; these funds cannot be used to replace or supplant existing funding. (RCW 82.14.340)

313.72 **JUVENILE DETENTION FACILITIES AND JAILS.** Funds are to be used exclusively for financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of juvenile detention facilities and jails. (RCW 82.14.350)

314.00 INTERFUND TAXES

Taxes assessed against one fund for the benefit of another fund of the same government.

(314.50) BUSINESS AND OCCUPATION TAXES ON MUNICIPALITY'S OWN UTILITIES (Summary Account)

Levied on the gross revenues or other activity of utility.

314.51 ELECTRIC
314.52 WATER
314.53 GAS
314.54 SEWAGE
314.55 GARBAGE/SOLID WASTE
314.56 CABLE
314.58 STORM DRAINAGE
314.59 OTHER

(316) BUSINESS TAXES (Summary Account)

Taxes levied on business activities or designated types of business firms. Business taxes imposed on utilities and enterprises should also be included.

Note: Account 316 should not include any intergovernmental or interfund charges in lieu of taxes. Use accounts 314, 337 or 338.

316.10 **BUSINESS AND OCCUPATION TAXES.** A revenue tax that derives from municipal authority to license businesses, usually based on gross revenue. (The license fee itself is recorded in account 321.) (RCW 35.21.710 and 82.04.220)

316.20 **ADMISSIONS TAX.** A consumer tax based on entrance to theaters, parks, sports arenas, etc. Also include similar taxes on season tickets, cover charges, rentals of recreational facilities and equipment, and the like. (RCW 35.21.280 and 36.38.010)

316.30 **PARKING TAX.** A tax imposed upon all persons engaged in a commercial parking business within the boundaries of an incorporated city or unincorporated county. (RCW 82.80.030)

(316.40) BUSINESS AND OCCUPATION TAXES ON PRIVATELY OWNED UTILITIES (RCW 35.21.870) (Summary Account)

Note: Although commonly referred to as B&O tax, this is actually a gross receipts tax.

316.41 ELECTRIC
316.42 WATER
316.43 GAS
316.44 SEWAGE
316.45 GARBAGE/SOLID WASTE
316.46 CABLE
316.47 TELEPHONE
316.48 STEAM
316.49 OTHER

(316.50) BUSINESS AND OCCUPATION TAXES ON UTILITIES OF OTHER GOVERNMENTS (Summary Account)

316.51 ELECTRIC. Excise tax locally levied. If state shared, use 335.00.91.
316.52 WATER
316.53 GAS
316.54 SEWAGE
316.55 GARBAGE/SOLID WASTE
316.56 CABLE
316.57 RAILROAD
316.58 STORM DRAINAGE
316.59 OTHER

(316.70) TAXES BILLED TO CUSTOMERS OF GOVERNMENT'S OWN UTILITIES (Summary Account)

This account is restricted to include only those taxes directly passed on to the consumer. Such taxes must be shown on utility bills to customers. These taxes are not revenues to the utility, only to the general fund. See account 314 for business and occupation taxes levied on the revenues (or other activity basis) of a government's own utility.

316.71 ELECTRIC
316.72 WATER
316.73 GAS
316.74 SEWAGE
316.75 GARBAGE/SOLID WASTE
316.76 CABLE
316.77 TELEPHONE
316.78 STORM DRAINAGE
316.79 OTHER

(317) **EXCISE TAXES** (Summary Account)

Taxes levied on the sale, production or consumption of certain commodities. Also, taxes levied for certain privileges.

(317.10) **LOCAL MOTOR VEHICLE FUEL/EXCISE TAX** (Summary Account)

317.11 **MASS TRANSIT.** A tax imposed on all motor vehicles owned by the residents of city or county. Moneys must be spent on public transportation systems. (RCW 35.58.273 and 82.44.150(3)(4))

317.12 **HIGH CAPACITY TRANSPORTATION (HCT).** A tax imposed on employers based on number of FTEs (RCW 81.104.150) and on all motor vehicles (RCW 81.104.160(1)) solely for the purpose of providing high capacity transportation service.

317.13 **HIGH OCCUPANCY VEHICLE (HOV) SYSTEMS.** A tax imposed on employers (RCW 81.100.030) and on all motor vehicles for HOV lane development, mitigation of environmental impacts of HOV development, support of employer programs to reduce single occupant commuting, and commuter rail programs (RCW 81.100.060).

317.14 **BORDER AREA JURISDICTIONS.** A tax imposed on the sale of motor vehicle fuel and special fuel. Proceeds shall be used for the purposes of border area jurisdiction street maintenance and construction. (RCW 82.47.020 and .030)

317.20 **LEASEHOLD EXCISE TAX.** Taxes on property owned by state or local governments and leased to private parties. (RCW 82.29A.090)

(**317.30)** **REAL ESTATE EXCISE TAX (REET)** (Summary Account)

317.31 **COUNTY TREASURER'S COLLECTION FEE** (RCW 82.45.180 and 82.46.030)

317.34 **REET 1 - FIRST QUARTER PERCENT.** Excise tax imposed on the sale of real property and dedicated to local capital projects identified in RCW 82.46.010(2)(6). Proceeds should be placed in the capital improvement funds. (RCW 82.45.180(2), 82.46.030(2))

317.35 **REET 2 - SECOND QUARTER PERCENT.** An additional excise tax on sale of real property. Proceeds should be used solely for financing capital projects specified in the capital facilities plan. (RCW 82.46.035)

317.36 **REET - ONE HALF PERCENT.** An additional tax on sale of real property imposed in-lieu of sales and use tax authorized in RCW 82.14.030(2). (RCW 82.46.010(3))

317.37 **CONSERVATION AREAS.** An additional excise tax on sale of real property imposed by counties and used exclusively for the acquisition and maintenance of conservation areas. (RCW 82.46.070)

(317.40) HOUSEHOLD TAXES (Summary Account)

Excise tax levied and collected from residents and used to support selected government's operations.

317.41 ENHANCED 911 - SWITCHED ACCESS LINES (RCW 82.14B.030)
317.42 ENHANCED 911 - WIRELESS ACCESS LINES (RCW 82.14B.030)
317.43 MUNICIPAL PUBLIC TRANSPORTATION SYSTEM (RCW 35.95.040)
317.44 AMBULANCE SERVICES (RCW 35.21.768)
317.49 OTHER

(317.50) GAMBLING EXCISE TAXES (RCW 9.46.110, .113 and .270) (Summary Account)

317.51 PUNCH BOARDS AND PULL TABS
317.52 BINGO AND RAFFLES
317.53 AMUSEMENT GAMES
317.54 CARD GAMES

317.70 OPERATING ASSESSMENTS. A tax levied by a local government to support particular operations. These assessments are distinguished from general property taxes because the basis of allocation is not the assessed value of real or personal property. Assessments levied to finance local capital improvements are accounted for in account 368.

317.90 OTHER

318.00 OTHER TAXES. Taxes levied for purposes not otherwise included in accounts 311 through 317.

(319) PENALTIES AND INTEREST ON DELINQUENT TAXES (Summary Account)

Penalties for the payment of taxes after due date, and the interest charged on delinquent taxes from the due date to the date of actual payment. Penalties for capital assessment should be coded 361.51.

(319.10) PENALTIES AND INTEREST ON REAL AND PERSONAL PROPERTY TAXES (Summary Account)

319.11 PENALTIES ON REAL AND PERSONAL PROPERTY TAXES (RCW 84.56.020 (1), (2), 84.33.120(8) and .140(4))
319.12 PENALTY FOR FAILURE TO LIST PERSONAL PROPERTY (RCW 84.40.130)
319.15 OTHER PENALTIES
319.16 INTEREST ON REAL AND PERSONAL PROPERTY TAXES (RCW 84.56.020)
319.19 OTHER INTEREST

319.30 PENALTIES AND INTEREST ON RETAIL SALES AND USE TAXES

319.60 PENALTIES AND INTEREST ON BUSINESS TAXES

319.80 PENALTIES AND INTEREST ON OTHER TAXES. Include penalties for delinquent operating assessments (e.g., irrigation assessment - RCW 87.03.270).

(320) LICENSES AND PERMITS (Summary Account)

Charges for the issuance of licenses and permits. Not a charge for inspections. (See 342.40)

Licenses are required by municipalities for selected trades, occupations and other activities for regulatory purposes. These businesses and activities are selected because of health, safety, or security hazards which might arise in the absence of regulation. Licenses may be accompanied by inspections of the premises by city, county, or state departments. Inspection may be repeated upon renewal of the license. License fees are usually designed to cover the cost of administration, inspection and continuing services in connection with regulation. If inspection charges are assessed separately, they should be coded 342.40.

Permits are issued to aid regulation of new business activities. Some represent public control over private activity while other permits regulate private use of public property. Issuance of permits protects the property from dangerous or unauthorized use.

(321) BUSINESS LICENSES AND PERMITS (Summary Account)

Proceeds from the issuance of licenses and permits to businesses and occupations which must be licensed before doing business within a governmental unit. Not a charge for inspections. (See account 342.40)

321.10 ALCOHOLIC BEVERAGES

321.20 HEALTH

321.30 POLICE AND PROTECTIVE. Include fireworks permits.

321.50 PUBLIC UTILITIES

321.60 PROFESSIONAL AND OCCUPATIONAL. (E.g., antique dealers, auctioneers, taxicab driver permits, and taxicab operation licenses.)

321.70 AMUSEMENTS. (E.g., amusement devices, billiard and card tables, carnivals and circuses, and dance and dance hall licenses.)

321.80 PENALTIES ON BUSINESS LICENSES

321.90 OTHER BUSINESS LICENSES AND PERMITS. Include general business licenses and permits not includable in any other specific account number, such as vending machine licenses.

321.91 FRANCHISE FEES. Charges levied on private utilities for the right to use public property.

Note: Exceptions for cities and towns in RCW 35.21.860.

(322) **NON-BUSINESS LICENSES AND PERMITS** (Summary Account)

Levied according to benefits presumably conferred by the license or permit.

322.10 **BUILDINGS, STRUCTURES AND EQUIPMENT.** Not a charge for inspections. (See accounts 342.40, 345.83)
Examples:
Building Permits - Commercial - Residential,
Plumbing Permits,
Electrical Permits,
Septic Tank Permits, etc.

322.20 **MARRIAGE LICENSES**

322.30 **ANIMAL LICENSES**

322.40 **STREET AND CURB PERMITS.** Not a charge for inspections. (See accounts 342.40, 345.83)
Examples:
Overload Permits (RCW 46.44.096),
Temporary Street and/or Sidewalk Closures,
Taxi and Other Zone Permits, etc.

322.80 **PENALTIES ON NON-BUSINESS LICENSES**

322.90 **OTHER NON-BUSINESS LICENSES AND PERMITS.** (E.g., gun permits, etc.)

329.00 **INTERFUND LICENSES AND PERMITS**

Licenses, permits, fees assessed against one fund for the benefit of another fund of the same government.

(330) INTERGOVERNMENTAL REVENUE (Summary Account)

Grants, entitlements, shared revenues and payments for goods and services provided by one government to another. Private grants are recorded in account 367 and intergovernmental loans are recorded in 382.80 or 391.80.

(331) DIRECT FEDERAL GRANTS (Summary Account)

Cash or other assets furnished by the federal government to local governments under contractual arrangements that provide aid to the local government. Programs provided by the federal government are classified into 15 types of assistance: eight nonfinancial and seven financial types of assistance.

The seven types of financial assistance that are available to state and local governments are:

1) formula grants
2) project grants
3) direct payments (direct payments for specific use and unrestricted use)
4) direct loans
5) guaranteed/insured loans
6) insurance
7) sale, exchange, or donation of property and goods

Most federal financial assistance is in the form of cash awards. However, there are programs that do not involve cash transactions (e.g., food stamps, food commodities, loan guarantees, interest-rate subsidies, or insurance).

Direct federal grants are distinguished from indirect grants by the fact that direct grants are received from a federal department or agency without passing through an intermediary state or local government or other nonfederal agency. All direct federal grants should be coded using this account number. Federal loans are recorded in account 382.80 or 391.80.

Coding Instructions

The following coding procedures apply to federal grant moneys. You may also code capital grants associated with proprietary funds by using account 383 with these coding instructions. They apply whether such arrangements are called *awards*, *grants*, *block grants*, *subsidies*, *programs*, *cost reimbursements*, *contracts*, or *agreements*. The coding does not apply to entitlements, shared revenues, or intergovernmental service revenues (see Revenue Accounts 332, 335, and 338).

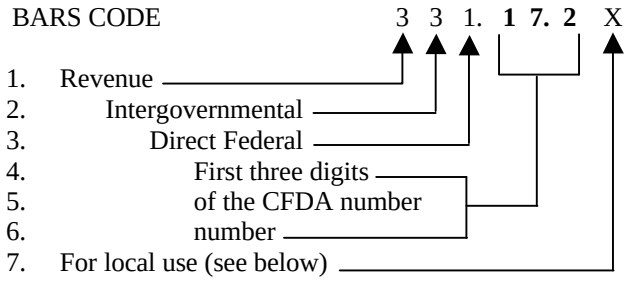
Federal Grants Other Than Department of Health and Human Services (DHHS)

All codes for federal grants are abbreviated versions of the numbers assigned by the federal government itself in the Catalog of Federal Domestic Assistance (CFDA). There are two strategies: one for DHHS grants and one for all other federal grants.

Most agreements with federal agencies include references to the funding program in the first few paragraphs of the agreement. The exact title of the funding program is what you need to find the catalog number.

Grants from all federal agencies except DHHS will be coded using the first three digits of the number assigned that program in the Catalog of Federal Domestic Assistance (CFDA).

Example: An entity receives a direct federal grant. The title of the grant is Senior Community Service Employment Program. The CFDA number is 17.235. The BARS code for this grant is 331.17.2X.

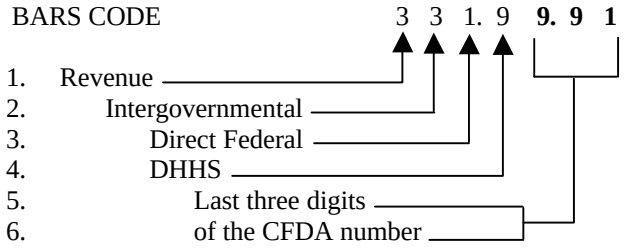


If more than one grant with the same CFDA number is received, use the seventh digit (shown by X) to distinguish them. You may also use the seventh digit to distinguish different program years of the same grant.

Federal Grants - Department of Health and Human Services

Grants from the federal DHHS will be coded using the last three digits of the CFDA number preceded by a 9. The catalog number of all DHHS grants begins with 93. Since there are numerous DHHS grants to distinguish and since the BARS is limited to 7 digits, we substituted the one-digit number 9 for the 93.

Example: An entity receives a direct federal grant. The title of the grant is Preventive Health and Health Services Block Grant. The CFDA number is 93.991. The BARS code for this grant is 331.99.91.



(332) FEDERAL ENTITLEMENTS, IMPACT PAYMENTS, AND IN-LIEU TAXES (Summary Account)

Resources furnished by the federal government to local governments based on a distribution formula. Entitlements are distributed per capita or based on some eligibility requirements. Typically, there are few or no restrictions on how federal entitlements may be spent.

Note that federal aid for secondary highways (FAS), federal aid-municipal (FAM), etc., are accounted for in 333.20.2X.

332.10.60 PAYMENT IN-LIEU OF TAX

U.S. Department of Agriculture, Forest Services

Payments distributed under Public Law 99-663 for the Columbia River Gorge National Scenic Area.

332.12.00 MILITARY FOREST YIELD

Counties' share of forest receipts from military installations remitted by the state treasurer (Title 10, USC, Section 2665). These moneys are to be spent on public roads and public schools. Note: These funds meet the definition of federal financial assistance described in Section 105 of OMB Circular A-133 and are subject to a single audit.

332.12.10 FEDERAL FLOOD CONTROL LEASES

Counties' share of the receipts from leases of federal lands acquired for flood control, navigation, and related purposes. These moneys are remitted by the state treasurer and may be used for any expenditure of county government. Alternatively, these receipts may be passed on to flood control districts or diking and drainage districts. (Title 33, USC, Section 701c-3, RCW 36.34.220)

332.15.21 TAYLOR GRAZING LEASES

Counties' share of the receipts from grazing leases on federal lands outside grazing districts, remitted by the state treasurer, usually in October. (Title 43, USC, Section 315i, RCW 79.28.040)

332.15.22 FEDERAL GEOTHERMAL LEASES

Counties' share of rentals and royalties from leases pursuant to the U.S. Geothermal Steam Act of 1970, remitted by the state treasurer. (Title 30, USC, Section 191 and 1001, RCW 43.140.040)

332.15.23 PAYMENT IN-LIEU OF TAX

U.S. Department of the Interior, Bureau of Land Management

Payments are made to each unit of local government in which federally owned entitlement land is located. Funding limitations may require prorata payments. Funds received are subject to post-audit review of data submitted by the state. (Title 31, USC, Section 6902, P.L. 97-258)

332.15.24 ACQUIRED SETTLEMENT LANDS

U.S. Department of the Interior, Bureau of Reclamation

Counties share of the aggregate fund derived by the U.S. from the leasing of acquired settlement lands (Columbia Basin Project Act).

332.15.60 PAYMENT IN-LIEU OF TAX

U.S. Department of the Interior, U.S. Fish and Wildlife Service

Funds are paid to the county and are further distributed by it on a proportional basis to those units of local government which have wildlife refuge lands and waters administered by the Secretary of the Interior. Payments are made to those local governments which have incurred a loss or reduction of real property tax revenue due to the existence of the wildlife refuge lands. (Refuge Revenue Sharing Act, as amended Title 16, USC, Section 715s.)

332.21.00 EQUITABLE SHARING OF FEDERALLY FORFEITED PROPERTY

U.S. Department of Justice
U.S. Department of Treasury

Payments made to local law enforcement agencies that directly participated in investigation or prosecution that resulted in a federal forfeiture of property.

332.81.10 PAYMENT IN-LIEU OF TAXES

U.S. Department of Energy

Funds are paid to Benton County and are further distributed by it on a proportional basis to those units of local government included in a settlement agreement with the Department of Energy.

(333) INDIRECT FEDERAL GRANTS

Indirect federal grants are distinguished from direct grants by the fact that they are passed through one or more intermediary governments or nonfederal agencies before reaching the local government.

See direct federal grants (331) for coding instructions. Make sure to use 333 instead of 331 if the federal grant is indirect.

Federal loans are recorded in account 382.80 or 391.80.

Note that federal aid for secondary highways (FAS), federal aid - municipal (FAM), etc., are accounted for in 333.20.2X.

(334) **STATE GRANTS** (Summary Account)

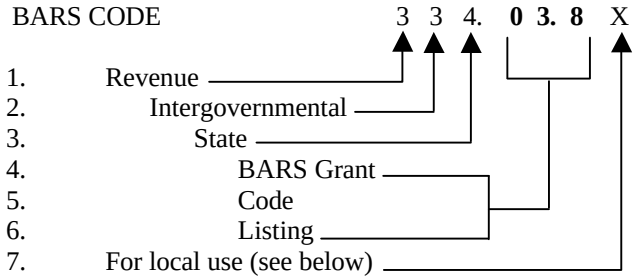
Cash or other assets furnished by the state government to local governments directly or indirectly, through another local government, under contractual arrangements that provide aid to the local government. Code state grants by the state agency which provides the grant, using the element, subelement and object (unit) fields. Do not confuse state grants with grants received from the state but originating with the federal government; when the state is acting as an agent of the federal government, the grants should be classified as indirect federal grants, account 333. Be careful to segregate federal indirect moneys from state matching grants, which may be paid on the same state remittance.

Coding Instructions

The following coding procedures apply to all state grant moneys. They apply whether such arrangements are called *awards*, *grants*, *block grants*, *subsidies*, *programs*, *cost reimbursements*, *contracts*, or *agreements*.

Grants from all state agencies will be coded using the three digit code listed on the following page.

Example: An entity receives a state grant from the Transportation Improvement Board (03.8X). The BARS code for the grant is 334.03.8X.



If more than one grant is received from the same agency, use the seventh digit (shown by X) to distinguish them. You may also use the seventh digit to distinguish different program years of the same grant.

STATE AGENCIES

00.1X Legislature and its Committees
00.2X Office of the Governor
00.3X Secretary of State
00.4X Office of Financial Management
00.5X Department of Personnel
00.6X Department of Retirement Systems
00.7X Department of General Administration
00.8X Department of Licensing
00.9X Department of Revenue

01.0X Office of Attorney General
01.1X Criminal Justice Training Commission
01.2X Other Judicial Agencies
01.3X State Patrol
01.4X Gambling Commission
01.5X Department of Corrections
01.7X Other Corrections Agencies
01.8X Military Department
01.9X Lottery Commission

02.1X Department of Agriculture
02.2X Agricultural Commissions
02.3X Department of Natural Resources
02.4X Department of Parks and Recreation
02.5X Department of Fish and Wildlife
02.7X Interagency Committee for Outdoor Recreation
02.8X Utilities and Transportation Commission

03.1X Department of Ecology
03.2X Other Environmental Agencies
03.3X Conservation Commission
03.5X Traffic Safety Commission
03.6X Department of Transportation
03.7X County Road Administration Board
03.8X Transportation Improvement Board
03.9X Other Transportation Agencies

04.2X Department of Community, Trade and Economic Development
04.3X Human Rights Commission
04.5X Department of Veterans Affairs
04.6X Department of Social and Health Services
04.7X Department of Employment Security
04.8X Minority Commissions and Councils
04.9X Department of Health

05.1X Superintendent of Public Instruction
05.2X Work Force Training and Education Coordinating Board
05.3X Higher Education Coordinating Board
05.4X Universities and Four-Year Colleges
05.5X Community and Technical Colleges
05.6X Other Educational Agencies
05.7X State Library
05.8X Arts Commission

06.9X Other Agencies

INTERLOCAL GRANTORS

07.0X-09.99

(335) STATE SHARED REVENUES (Summary Account)

Moneys which represent the local government's portion of a revenue levied and collected by the state. State shared revenues differ from state-collected revenues, which are levied by the local government itself but collected and distributed by the state (such as local sales taxes). State shared revenues differ from state entitlements and impact payments by the nature of the distribution. State shared revenues are distributed in proportion to amounts collected in each local jurisdiction; state entitlements and impact payments are distributed per capita or based on some eligibility requirements. Some revenues previously included in the 335 accounts have been reclassified as state grants (the urban arterial and county ferry portions of motor vehicle fuel taxes, and snowmobile registration fees) and others have been reclassified as state entitlements (most motor vehicle fuel taxes, motor vehicle excise taxes, fire insurance premium taxes, liquor board profits and excise taxes, harbor lease revenues and parimutuel taxes.) Specific coding is prescribed below.

335.00.82 MOTOR VEHICLE EXCISE TAX--COUNTY PUBLIC HEALTH

State distributed motor vehicle excise tax and other moneys to be used by county health departments for public health purposes. (RCW 70.05.125)

335.00.83 MOTOR VEHICLE EXCISE TAX--REGULAR

State-distributed excise tax imposed on motor vehicles. The distribution to cities and towns is based on population. These moneys must be used for public transportation purposes. (RCW 82.44.150)

335.00.84 CAPRON REFUNDS (ISLAND AND SAN JUAN COUNTIES)

State distribution of motor vehicle license and fuel taxes paid by residents of these two counties. Distribution is based on fees paid by county residents, then allocated to cities and towns on the basis of assessed valuation. These moneys must be deposited into a road or street fund. (RCW 46.68.080)

335.00.91 PUD PRIVILEGE TAX

State distribution of excise taxes collected from public utility districts which operate facilities for generating, distributing or selling electrical energy. The distribution to local governments is based on gross revenues from sales within each county and on the locations of generating facilities. (RCW 54.28.020 and .050) Local taxes on PUD operations belong in account 316.50. County treasurer collections from the state are distributed per RCW 54.28.090.

335.02.31 REFORESTATION HARVEST TAX

State distribution of harvest taxes on reforestation timber; the tax is based on the stumpage value of harvested timber. The Department of Revenue distributes these receipts to the county treasurer, who distributes them to local taxing districts on the basis of assessed valuation. (Chapter 84.33 RCW)

335.02.32 NON-TIMBER REVENUE FROM STATE FOREST BOARD PURCHASE LAND

Counties' share of proceeds from leases and sales of products other than timber from state forest lands managed by the Department of Natural Resources. The county should prorate and distribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.120)

335.02.33 SALE OF TIMBER FROM STATE FOREST LAND

Counties' share of proceeds from sales of timber from state forest lands managed by the Department of Natural Resources. The county should prorate and distribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.030, .120)

(336) STATE ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES (Summary Account)

Moneys furnished by the state government to local governments based on a distribution formula, either per capita or according to some eligibility criteria, such as local taxing efforts, qualifying employees, or clients served. Unlike federal entitlements, state entitlements generally do contain restrictions on how the moneys may be spent; this makes state entitlements somewhat analogous to federal categorical grants, but unlike grant resources, the entitlement moneys may be commingled with other functionally dedicated resources and a separate accounting for the expenditure of entitlement dollars is not required.

336.00.81 LOCAL VEHICLE LICENSE FEES

State distribution of county imposed additional vehicle license fees. This local option transportation revenue should be used for transportation purposes only. (RCW 82.80.020)

336.00.84 VESSEL REGISTRATION FEES

Money allocated to counties with eligible boating safety programs approved by the State Parks and Recreation Commission. Distribution based on the number of registered vessels by county of moorage. The county is responsible for equitable allocation to other jurisdictions with approved programs within this county. (RCW 88.02.040 and .045)

336.00.85 MOTOR VEHICLE EXCISE TAX--EQUALIZATION

A portion of the County/Municipal Sales and Use Tax Equalization Account allocated to counties, cities, and towns that have levied local sales taxes, but received below-average revenues from the sales tax. (RCW 82.14.200, 82.14.210(3) through (7))

336.00.86 MOTOR VEHICLE EXCISE TAX--EQUALIZATION - SPECIAL DISTRIBUTION

An initial distribution from the Municipal Sales and Use Tax Equalization Account to the cities and towns which do not levy an optional local sales tax. (RCW 82.14.210(2))

336.00.87 MOTOR VEHICLE FUEL TAX--CITY STREETS

State-distributed taxes on motor vehicle fuels, to be used for city street purposes. Distribution is based on population. (RCW 46.68.070, .110, 47.24.040 and Chapter 35.76)

336.00.88 MOTOR VEHICLE FUEL TAX-ARTERIAL STREETS (HIGHWAYS)

State-distributed taxes on motor vehicles and special fuels, to be used for construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets and related debt service. Cities with population less than 15,000 may use for the maintenance of arterial highways and city streets. (RCW 46.68.070)

336.00.89 MOTOR VEHICLE FUEL TAX--COUNTY ROADS

State-distributed taxes on motor vehicle and special fuels, to be used for county road purposes. Distribution is based on population in unincorporated areas, on the miles of county roads reported by the county engineer to the Dept. of Transportation, and on the amounts of road taxes and certain other taxes. (Chapter 36.82, RCW 46.68.070, .090, .120, .122 and .124)

336.00.90 MOTOR VEHICLE FUEL TAX (MVFT)--HIGHWAY PURPOSES

State distribution of county-imposed additional taxes on motor vehicle and special fuels. This local option transportation revenue is to be used for the construction, maintenance and operation of city streets, county roads, and state highways; operation of ferries; and related activities. Distribution is based on the relative per capita population. (RCW 82.80.010 and .080)

336.00.92 MVFT—COUNTY FERRIES

State distributed taxes on motor vehicle and special fuels. Reimbursement of deficits incurred by Pierce, Skagit, and Whatcom counties in the operating and maintenance of ferry systems owned by the counties. (RCW 47.56.725)

336.00.93 MOTOR VEHICLE LICENSE FEES

State distribution of additional motor vehicle license fee to counties which do not cover their costs of providing motor vehicle licensing services. (RCW 46.68.220)

336.02.11 FAIR FUND

The Department of Agriculture distribution from the fair fund. The distribution is based on reports furnished by county fairs to the Department of Agriculture. (RCW 15.76.115 and 67.16.105(4))

336.02.35 HARBOR LEASES

State distribution of income from leases of state-owned tidelands, harbor areas and waterways. The entire amount distributed to local governments must be deposited into a special fund and must be used only for harbor or waterfront improvements. (RCW 79.90.055 and 79.92.110)

336.02.51 PAYMENT-IN-LIEU-OF-TAXES--GAME LANDS

The Department of Fish and Wildlife payments to counties in lieu of real property taxes on the game lands. (RCW 77.12.203)

336.04.11 CENTENNIAL DOCUMENT PRESERVATION

State treasurer's distribution of revenue from the surcharge on documents recorded by the county auditor. The money should be placed in Auditor's Operation and Maintenance Fund and used solely for ongoing preservation of historical documents of all county offices and departments. (RCW 36.22.170)

336.04.21 I 695 REPLACEMENT FUNDS—COUNTIES (CRIMINAL JUSTICE)

State distributed financial assistance for the superior court system, police operations, crime prevention, care and custody of prisoners, and legal services.

336.04.22 I 695 REPLACEMENT FUNDS—CITIES (CRIMINAL JUSTICE AND OTHER OPERATIONS)

State distributed financial assistance for the municipal court system, police operations, fire protection services, transportation, care and custody of prisoners and legal services.

336.04.23 I 695 REPLACEMENT FUNDS—COUNTIES (PUBLIC HEALTH)

State distributed financial assistance for the purpose of public health.

336.04.24 I 695 REPLACEMENT FUNDS—CITIES AND COUNTIES (TRANSIT)

State distributed financial assistance for transit purposes.

336.04.61 INSTITUTIONAL IMPACT PAYMENTS

The DSHS and DOC reimbursements for criminal justice costs incurred directly as a result of crimes committed by offenders residing in institutions under their jurisdictions. (RCW 72.72.030)

336.06.10 MOTOR VEHICLE EXCISE TAX (MVET)-CRIMINAL JUSTICE FUNDING-HIGH CRIME

State-distributed excise tax. This portion is allocated to counties based on population, crime rate and annual number of criminal cases filed in the county superior courts **or** to qualified cities based on population, subject to crime rate and levy of tax authorized in RCW 82.14.030. The entire distribution must be expended for criminal justice purposes and shall not be used to replace or supplant existing funding. (RCW 82.14.310 and .320) For details see Part 3, Chapter 12, Interpretation 12.

(336.06.20) MVET-CRIMINAL JUSTICE FUNDING-SPECIAL DISTRIBUTION-CITIES (Summary Account)

336.06.21 MVET-CRIMINAL JUSTICE FUNDING-VIOLENT CRIMES/POPULATION. State-distributed excise tax to be used for criminal justice purposes only. Include distribution to cities with high violent crime rate (RCW 82.14.330(1)(a)) and distribution based on population (RCW 82.14.330(1)(b)).

336.06.22 MVET-CRIMINAL JUSTICE FUNDING-PROGRAM AREA 1. State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for innovative law enforcement strategies. (RCW 82.14.330(2)(a))

336.06.23 MVET-CRIMINAL JUSTICE FUNDING-PROGRAM AREA 2. State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for programs helping at-risk children or child abuse victims. (RCW 82.14.330(2)(b))

336.06.24 MVET-CRIMINAL JUSTICE FUNDING-PROGRAM AREA 3. State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for programs reducing the level of domestic violence. (RCW 82.14.330(2)(c))

336.06.25 MVET-CRIMINAL JUSTICE FUNDING-PROGRAM AREA 4. State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for contracting with another governmental agency for a majority of its law enforcement services. (RCW 82.14.330(2)(d))

336.06.31 ADULT COURT COST--JUVENILE OFFENDERS

The money should be used solely for county adult court cost associated with implementation of revised Juvenile Justice Act (Chapter 7, Laws 2001, 2nd Sp. Session, Section 203(a)).

336.06.32 JUVENILE REHABILITATION--IMPACTED COUNTIES

The money should be used to provide funding for county impacts associated with implementation of the Third Substitute Senate Bill 3900 (Chapter 7, Laws 2001, 2nd Sp. Session, Section 203(b)).

336.06.33 MVET--CRIMINAL JUSTICE FUNDING--RURAL (DISTRESSED) COUNTIES
State-distributed motor vehicle excise tax to be used for criminal justice and other purposes. To be eligible for this distribution, a county must meet the criteria of a rural (distressed) county as described in RCW 82.14.370. (RCW 82.14.380)

336.06.51 DUI/OTHER CRIMINAL JUSTICE ASSISTANCE

State distributed revenue to counties and cities for the cost of implementation of the DUI and other criminal justice statutes (Chapter 7, Laws 2001, 2nd Sp. Session, Sections 802 and 803).

336.06.91 FIRE INSURANCE PREMIUM TAX

State-distributed taxes on fire insurance premiums. Distribution is based on the local government's report to the state treasurer of the number of paid firemen. The entire amount received by a local government must be deposited in a firemen's pension fund. (RCW 41.16.050)

336.06.92 AUTOPSY COST REIMBURSEMENT (RCW 68.50.104)

336.06.94 LIQUOR EXCISE TAX

State-distributed taxes on liquor sold at state liquor stores and agencies and on other retail sales of wine. Distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. Two percent of the total amount must be spent on substance abuse treatment program(s). See Part 3, Chapter 12, Interpretation 4. Also include distribution from the tax imposed on all beer. (RCW 82.08.150 thru .170, 66.08.195, .200, .210, 66.24.290, 70.96A.085 and .087)

336.06.95 LIQUOR CONTROL BOARD PROFITS

State distribution of license and permit fees, penalties, forfeitures, and other income received by the Liquor Control Board. Distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. Two percent of the total amount must be spent on substance abuse treatment program(s). See Part 3, Chapter 12, Interpretation 4. (RCW 66.08.170 thru .210, 70.96A.085 and .087)

(337) INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES (Summary Account)

Cash or other assets furnished by one unit of local government to another unit of local government, other than for services rendered or goods provided. Note that a receipt for the other government's share of a joint cost should either be treated as a reimbursement (see the Glossary for explanation) or accounted for in 338. Use 367 for grants from private sources.

Do not confuse interlocal grants with grants received from another local government but originating from the federal or state government. These grants should be coded as 333 or 334.

Interlocal grants, entitlements, etc., are generally allowed to be made only by home rule counties and charter cities. However, RCW 35.21.420, .422 and 54.28.110 permit certain impact payments by public utility departments and districts and RCW 35.21.730 permits such distributions of private funds (distributions of federal funds should be recorded in 333). In addition, various statutes allow cooperative undertakings in areas such as urban renewal, public housing, parks, and utilities that may involve interlocal grants and similar payments.

Interlocal revenues should be coded as to source, with the local government assigning codes 07.00 through 09.99 in the fourth and subsequent digits of the account number.

(338) INTERGOVERNMENTAL SERVICE REVENUES (Summary Account)

This account is used to record the revenue derived by one unit of government for performing a service that is the statutory responsibility of another unit of government. Shared costs of providing services are included within these accounts. These accounts will appear on the books of the governmental unit that actually performs the work. The payment may be based on actual costs or a fixed fee. An amounts recorded as a 338-type revenue by the performing government should result in a subobject-51 expenditure by the paying government.

The specific accounts prescribed below are comprised of the Basub account 338 plus the expenditure Basub of the service that is being paid for. This account is not to be used for:

Revenues of internal service funds or for services rendered by the government that are not governmental in nature (see the definition of a subobject 51), such as central stores, data processing, insurance and trust contributions, photocopies, sales of fuel or road materials, utility charges, equipment repair charges, engineering charges, equipment and property rentals.

Revenues derived from services that are the statutory responsibility of the government receiving the revenue, such as election costs, recording fees, treasurer's investment fees, licenses, building permits, and court fees and charges.

Also use this account to code federal funds received as fee for service.

338.11 **LEGISLATIVE COMMITTEES AND ADVISORY BODIES**
338.12 **COURT COSTS**
338.13 **EXECUTIVE BOARDS AND COMMITTEES**
338.15 **LEGAL SERVICES**
338.16 **PERSONNEL SERVICES**
338.19 **OTHER GENERAL GOVERNMENT SERVICES** (E.g., revenue for services provided for the collection of legal financial obligations (LFO) from offenders.)

338.21 **LAW ENFORCEMENT SERVICES** (Include sex offender registration fees received from the Washington State Patrol, RCW 43.43.540)
338.22 **FIRE CONTROL SERVICES**
338.23 **DETENTION AND/OR CORRECTION**
338.24 **PROTECTIVE INSPECTIONS.** (Use 320 series for sales of intergovernmental licenses and permits)
338.25 **EMERGENCY SERVICES**
338.26 **AMBULANCE, RESCUE AND EMERGENCY AID SERVICES**
338.27 **JUVENILE SERVICES**
338.28 **COMMUNICATIONS, ALARMS AND DISPATCH SERVICES.** (Use 342.80 for intergovernmental charges for central phone systems)

338.31 **ENVIRONMENTAL AND CONSERVATION SERVICES.** (E.g., weed control, pollution control, etc.)
338.36 **CEMETERIES**
338.39 **ANIMAL CONTROL AND PEST/NUISANCE CONTROL SERVICES.** (Use 340 series for intergovernmental utility services)

338.42 **ROAD AND STREET MAINTENANCE SERVICES.** (Use 344 and 362 for intergovernmental sales of fuel and road materials, repair charges and rentals.)
338.46 **AIRPORTS, PORTS AND TERMINAL FACILITIES**
338.47 **TRANSIT SYSTEMS AND RAILROADS.** (Include intergovernmental payments for shared costs of van pools and transportation of the elderly or disabled. Use 344 for intergovernmental fares, 362 for intergovernmental parking fees.)

338.51 **WELFARE SERVICES**
338.52 **EMPLOYMENT OPPORTUNITY AND DEVELOPMENT SERVICES**
338.53 **VETERANS SERVICES**
338.54 **CHILD CARE SERVICES**
338.55 **AGING SERVICES**
338.56 **SERVICES FOR DISABLED**
338.57 **COMMUNITY SERVICES**
338.58 **PLANNING AND COMMUNITY DEVELOPMENT SERVICES**
338.59 **HOUSING AND COMMUNITY SERVICES**

338.61 **HOSPITALS AND CONVALESCENT CENTERS**
338.62 **PUBLIC HEALTH**
338.63 **CORONER SERVICES**
338.64 **MENTAL HEALTH SERVICES**
338.66 **SUBSTANCE ABUSE SERVICES**
338.68 **DEVELOPMENTAL DISABILITIES SERVICES**
338.69 **OTHER HEALTH SERVICES**

338.71 **EDUCATIONAL PROGRAMS.** (Use 347.80 for tuition fees.)
338.72 **LIBRARY SERVICES**
338.73 **SPECTATOR AND COMMUNITY EVENTS**
338.74 **RECREATION PROGRAMS**
338.75 **CULTURAL AND RECREATIONAL FACILITIES**
338.76 **PARK FACILITIES**
338.79 **OTHER CULTURE AND RECREATION SERVICES.** (Note that intergovernmental payments for admissions, tuitions, use fees, rents and leases should be coded 347 or 362.)

338.95 **ROAD AND STREET CONSTRUCTION SERVICES**

(340) CHARGES FOR GOODS AND SERVICES (Summary Account)

Fees and charges for goods and professional or other services rendered.

(341) GENERAL GOVERNMENT (Summary Account)

Charges for services rendered by public officials. Use this category ONLY for services not included in any other specific function or activity of the unit of government. (See accounts 342 through 349 and 361 through 366.) If the charges are made to another government, see the definition of account 338 to determine whether to use 338 or 341. The amount of these charges is determined by law, custom or by an estimate of the worth of the service to the recipient. There is no necessary relationship between the charge and the cost of the service.

(341.20) FILING AND RECORDING SERVICES (Summary Account)

All court filings shown in account 341.20 are shared with the state, except for the special superior court filing fees accounted for in 341.24 and 341.25. For district and municipal courts, only the local government's 68% should be recorded in this account. For superior courts, only the local government's 54% should be recorded in this account (RCW 36.18.025). Note that in municipal and district courts 1.75% of the local portion must be remitted to or spent on county crime victim and witness programs. This portion should be recorded by cities in 386 when received and 586 when transferred to the county. Only counties should use 341.98 when they receive the money and 515.70 when they make payment to victims and witnesses. The filings shown in 341.22 and 341.26 (in district but not municipal courts) and 341.23 (in superior courts) are subject to a law library allocation, while the other filings are not. Do not include *costs* that are assessed or awarded incident to a judgment. In civil, probate, and domestic cases, the collection of costs awarded is a trust transaction (account 386); for crimes and infractions, collection of costs assessed is recorded as a penalty (see account 357 for further explanation). The *filing fees* paid by a city to a district court for processing municipal court cases should be coded 338.12, while the fees collected for and remitted by the district court to the municipality should be accounted for as a trust transaction by the county.

341.21 **AUDITORS' FILINGS AND RECORDINGS** (RCW 36.18.010)**.** For details, see Part 3, Chapter 12, Interpretation 10.

341.22 **DISTRICT/MUNICIPAL COURT CIVIL FILINGS** (RCW 3.62.060 and 35.20.030). District courts should allocate from the local portion the sum of six dollars for each filing for the support of the law library. (RCW 27.24.070)

341.23 **SUPERIOR COURTS CIVIL, PROBATE AND DOMESTIC RELATIONS FILINGS** (RCW 36.18.014, 36.18.020(a)(b)(c)(d)(f)(g)(h)). Courts should allocate from the local portion a sum of twelve dollars (maximum to fifteen dollars) for each filing for the support of the law library. (RCW 27.24.070)

341.24 **DISPUTE RESOLUTION SURCHARGE** (RCW 7.75.035). A county legislative authority may charge up to $10 on civil filing fees and up to $15 on small claims actions. The surcharge must be remitted to county treasurer to be used solely for dispute resolution centers.

341.25 **WATER RIGHTS AND TORRENS ACT FILINGS.** These filings in superior courts are separated because they are not shared with the state. (RCW 90.03.190 and 65.12.780)

341.28 **DISTRICT/MUNICIPAL COURT OTHER FILINGS.** (E.g., transcripts, abstracts, and small claims.)

341.29 **SUPERIOR COURT OTHER FILINGS.** (E.g., transcripts, abstracts, wills without probate, petitions for modification and tax warrants.) (RCW 36.18.012 and .016(2)) These filings are not subject to a law library allocation.

(341.30) **RECORDS SERVICES** (Summary Account)

Charges for processing requests for records. Charges to other departments of the same government should be coded 349.

341.32 **DISTRICT/MUNICIPAL COURT RECORDS SERVICES.** Include fees for executing writs and furnishing certifications. These fees are shared with the state. Note that only the local portion should be recorded in this account and that 1.75% of the local portion must be remitted to or spent on county crime victim and witness programs.

341.33 **DISTRICT/MUNICIPAL COURT - ADMINISTRATIVE FEES.** Include name change fees (RCW 4.24.130), warrant preparation and deferred prosecution program fees (RCW 10.01.160). These fees are retained 100% locally. Also include local portion ($5) of crime lab analysis. The state portion ($95) is recorded in 386.96.

341.34 **SUPERIOR COURT RECORD SERVICES.** Include fees for executing writs of attachment and bond approvals, certificates of qualification, letters testamentary, statutory certifying and copy fees, fees for research (records search), fees for preparation of clerk's papers on appeals or change of venue, civil jury demands, etc. (RCW 36.18.016). Unlike similar fees in courts of limited jurisdiction, fees for these services in superior courts are not shared with the state.

341.35 **OTHER STATUTORY CERTIFYING AND COPY FEES.** See Chapter 36.18 RCW for fee schedules of the county auditor, sheriff and treasurer. Use 341.60 for copy fees established by local ordinance or resolution.

341.36 **AUDITORS' CENTENNIAL DOCUMENT PRESERVATION AND MODERNIZATION SURCHARGE.** Fifty percent of the two dollar surcharge for documents recorded in the county auditor's or recorder's office (the remaining 50% is remitted to the state). This portion of the surcharge should be deposited in the Auditor's Operation and Maintenance Fund for ongoing preservation of historical documents of all county offices and departments. (RCW 36.22.170.) For details see Part 3, Chapter 12, Interpretation 10.

341.37 **SUPERIOR COURT - ADMINISTRATIVE FEES.** Include warrant preparation fees (RCW 10.01.160). Also include local portion of crime lab analysis ($5). The state portion ($95) is recorded in 386.96. The cost of bank services relating to the provisions of credit cards may be recouped for court services (RCW 36.29.190).

341.38 **RECORDS SEARCH BY COUNTY AUDITORS.** See Chapter 36.18 RCW for fee schedules of the county auditor.

(341.40) **FINANCIAL SERVICES** (Summary Account)

341.41 **ASSESSORS' FEES.** (E.g., open space processing (RCW 84.34.030).) Use 341.60 for photocopies.

341.42 **TREASURERS' FEES.** Fees and charges for handling, administering, collecting, disbursing, and accounting for taxes or assessments collected for the county, state, or others (e.g., charges for establishing assessments rolls - RCW 36.29.180, processing fees for collecting forest fire protection assessment - RCW 76.04.610). Also include recovering costs associated with foreclosure, distraint and sale of property for delinquent taxes (RCW 84.56.020). Treasurer's investment fees are accounted for in 361.19. Penalties for delinquent irrigation assessments (RCW 87.03.270) and capital assessments should be coded 319.80 and 361.51, respectively.

341.43 **BUDGETING AND ACCOUNTING SERVICES.** (E.g., collection fees, etc.) Include intergovernmental revenues.

341.44 **AUDIT AND CONSULTING SERVICES**

341.45 **ELECTION SERVICES.** Charges to other governments for their prorata share of election costs. For details see Part 3, Chapter 12, Interpretation 8.

341.47 **RISK MANAGEMENT SERVICES**

341.48 **MOTOR VEHICLE LICENSE FEES.** Revenue from the state for providing vehicle licensing services (e.g., license tabs, tonnage, etc.) (RCW 46.01.140).

341.50 **SALES OF MAPS AND PUBLICATIONS.** Sales tax collected on these items is posted to account 386.

(341.60) **WORD PROCESSING, PRINTING AND DUPLICATING SERVICES** (Summary Account)

341.62 **MUNICIPAL/DISTRICT COURT.** Include district and municipal fees for photocopies and fees for forms sold, except where the fee is set by state statute. (See 341.34 and 341.35) In district and municipal courts, 32% of these charges are distributed to the state; include only the local 68% here. Note that 1.75% of the court's local portion must be remitted to or spent on county crime victim and witness programs.

341.65 **SUPERIOR COURT - WORD PROCESSING AND TRANSCRIPTION FEES.** Superior court services are not subject to the split to the state. Also include fees for photocopies and forms sold. These fees are retained 100%.

341.69 **OTHER WORD PROCESSING, PRINTING AND DUPLICATION SERVICES**

341.70 **SALES OF MERCHANDISE.** Include sales to other governments or private parties from central stores. (Use 348.70 or 349 for interfund sales.) Also include concession sales (including sales to inmates), vending machine proceeds, and sales of prepared meals. See 344 for sales of fuel, vehicle parts, and road materials. Sales tax collected on these items is posted to account 386.

341.80 **DATA PROCESSING SERVICES.** Use 348.80 or 349 for interfund services.

341.90 **OTHER GENERAL GOVERNMENT SERVICES**

341.91 **ELECTION CANDIDATE FILING FEES**

341.92 **PROPERTY MANAGEMENT SERVICES.** Include relocation services. Use 348.92 or 349 for interfund services.

341.93 **CUSTODIAL/JANITORIAL/BUILDING SECURITY.** Use 349.18 for interfund services.

341.94 **PURCHASING SERVICES.** Do not include the price of items purchased (these should be coded either as reimbursements, i.e., posted to the expenditure account, or as a sale of merchandise-341.70).

341.95 **LEGAL SERVICES.** Include public defender fees collected under contracts, unless assessed on judgment of a guilty defendant (see account 357). Use 349 for interfund legal services.

341.96 **PERSONNEL SERVICES.** Use 349.16 for interfund services.

341.97 **EMPLOYEE BENEFIT PROGRAM SERVICES.** Do not include trust contributions or premium payments (accounted for in 365, 366, or 369). Use 348.97 or 349.17 for interfund services.

341.98 **COUNTY CRIME VICTIM AND WITNESS PROGRAMS.** Amounts remitted to counties out of the local share of court revenues per RCW 7.68.035(4). Use 341.98 01 for the payment from district and municipal courts, and 341.98.02 for the superior courts. (See account 515.70 for expenditures.)

341.99 **PASSPORT AND NATURALIZATION FEES.** The fees are retained 100% locally.

(342) **SECURITY OF PERSONS AND PROPERTY** (Summary Account)

Current services rendered by departments performing public safety functions and activities. Revenue from private sources only. Intergovernmental revenue should be coded 338.2X.

342.10 **LAW ENFORCEMENT SERVICES.** Include fees charged by police and sheriff departments for crowd control and special patrol services. Also include sheriff's fees for conducting a sale, making seizures and serving papers, including the related mileage and making a return. Sheriff's fees for copies should be accounted for at 341.35 or 341.60. For sheriff's fees recovered in a criminal judgment, use account 357. Charges to other governments for providing their law enforcement are accounted for in 338.21. Recovery of emergency response cost from persons convicted for DUI should be coded 342.20, 342.50 or 342.60 depending on type of service provided. (RCW 38.52.430)

342.20 **FIRE PROTECTION SERVICES.** Include service charges on personal property and improvements to real property. (Chapter 52.18 RCW)

342.30 **CHARGES FOR DETENTION AND CORRECTION SERVICES**

342.33 **ADULT PROBATION SERVICES.** Include monthly assessments per RCW 10.64.120; also include presentencing evaluation fees and DUI evaluation fees. These revenues are not shared with the state. Juvenile probation and diversion service charges are accounted for at 342.70.

342.36 **HOUSING AND MONITORING OF PRISONERS.** For example, charges collected in work release programs, electronic monitoring (RCW 26.50.060 and .110), or costs recovered from offenders for incarceration (RCW 9.94A.120, .145, 10.01.160(2)). Use 338.23 for intergovernmental service charges. See 342.70 for juvenile detention.

342.37 **BOOKING FEES.** (RCW 70.48.390) Fees for photograph and fingerprints, adult or juvenile.

342.40 **PROTECTIVE INSPECTION FEES.** A fee for an inspection service (not a fee for a license or a permit). (See account 320)

342.50 **EMERGENCY SERVICE FEES.** Fees for assistance in preparation for, response to, and recovery from disaster.

342.60 **AMBULANCE AND EMERGENCY AID FEES.** Fees for transportation and emergency medical aid to sick and injured.

342.70 **JUVENILE SERVICES.** Include diversion fines as well as fees for juvenile counseling, continuing diversion services, detention, probation and work release. (RCW 13.16.085, 13.40.080(2)(d) and .220) Public defender fees collected under contracts are accounted for at 341.95, unless assessed on judgment of a guilty defendant (see account 357). Recovery of damages to facilities during detention should be coded to 395.20. Restitution for damages to private property is a trust transaction; if BARS coding is used, receipts should be posted to account 386. All fines and fees collected for juvenile diversions stay with county to supplement juvenile services. (RCW 13.40.080(14)) Include non-refundable bail fee (RCW 13.40.056).

342.80 **COMMUNICATION SERVICES.** Include intergovernmental charges for central phone systems.

342.90 **OTHER**

(343) **UTILITIES AND ENVIRONMENT** (Summary Account)

Include operating portion (i.e., cost of connection of utility hook-up fees). The amount exceeding operating portion should be recorded in account 379.

(343.10) **NATURAL RESOURCE CONSERVATION AND CONTROL** (Summary Account)

Note: Operating assessments are coded in account 317.70.

343.11 **CONSERVATION SERVICES**
343.12 **IRRIGATION SERVICES**
343.13 **FLOOD CONTROL SERVICES**
343.16 **WEED CONTROL SERVICES.** Code permits to 320 series and fines to 350 series.
343.17 **POLLUTION CONTROL SERVICES.** Include the recovery of clean-up costs. Code permits to 320 series, fines to 350 series; intergovernmental payments for shared costs to 338.31.
343.18 **ENERGY CONSERVATION SERVICES**
343.19 **OTHER ENVIRONMENTAL PRESERVATION SERVICES**

343.20 **ENGINEERING SERVICES**

343.30 **SALES OF ELECTRICITY AND NATURAL GAS**

343.40 **WATER SALES**

343.50 **SEWER SERVICES**

343.60 **CEMETERY SERVICES.** Lots, liners, markers, vases, mausoleum space, sexton services, opening and closing charges, miscellaneous cemetery revenues.

343.70 **GARBAGE/SOLID WASTE SERVICES.** (E.g., include garbage collection service fees; dumping and sanitary fill charges; charges for container service, transfer stations, and refuse stations; and salvage fees.)

(343.80) **OTHER UTILITIES** (Summary Account)

343.81 **COMBINED WATER/SEWER/GARBAGE.** Use this account only if the individual sources of revenue are not separable.
343.83 **STORM DRAINAGE**
343.84 **CABLE**
343.89 **MISCELLANEOUS** (E.g., revenue related to street lights, etc.)

(343.90) **OTHER FEES AND CHARGES FOR SERVICE RELATED TO PHYSICAL ENVIRONMENT** (Summary Account)

343.92 **NUISANCE/PEST CONTROL.** Use 350 series for fines.
343.93 **ANIMAL CONTROL AND SHELTER.** Use 350 series for fines.
343.95 **ABATEMENT CHARGES.** Demolition and removal of hazards.

(344) **TRANSPORTATION** (Summary Account)

Transportation functions and activities applicable to roads and streets and other transportation facilities and systems. Use 348-349 for interfund charges.

344.10 **ROAD/STREET MAINTENANCE AND REPAIR CHARGES**

344.20 **SALES OF ROAD MATERIALS.** (E.g., rock, gravel, sand and asphalt, etc.)

344.30 **REPAIR CHARGES.** Revenues of mechanical shops, except parts.

344.40 **SALES OF PARTS.** Use for items issued to repair or maintain vehicles and heavy equipment.

344.50 **FUEL SALES**

344.60 **AIRPORT, PORT AND TERMINAL TARIFFS AND SERVICE FEES.** Use 362 for facility and equipment rentals and leases.

344.70 **TRANSIT AND RAILROAD TARIFFS AND FARES.** Use 362 for parking fees. Include private vanpool charges, streetcar and monorail fares and disabled/aging transportation fees.

344.90 **OTHER TRANSPORTATION FEES AND CHARGES.** (E.g., ferry tolls, etc.)

(345) **ECONOMIC ENVIRONMENT** (Summary Account)

Current services rendered by departments performing general economic or welfare functions and activities. (E.g., commission on sale of food stamps.)

345.10 **FAMILY COURT SERVICES.** The charges are set by local ordinance or resolution, often at an hourly rate, for providing counseling and evaluation in domestic relations. Also include an additional assessment for the courthouse facilitator program (use 345.10.02 for imposed user fees and 345.10.01 for the surcharge). (RCW 26.12.240)

345.13 **FAMILY CONCILIATION FEES.** Use 342.70 for fees charged for family reconciliation (juvenile) services under RCW 13.32A.040.

345.15 **ADOPTION HOME STUDIES**

345.40 **CHILD CARE SERVICES**

345.50 **AGING SERVICES.** Include adult day service fees. Use 341.70 for revenues from lunch programs, Meals on Wheels, and other food services; use 344.70 for senior transportation charges.

345.70 **INFORMATION SERVICES.** Fees for services such as presentations and consultations. Intergovernmental shared costs are coded 338.57. Use 341.50 for sales of maps and publications.

(345.80) **PLANNING AND DEVELOPMENT SERVICES** (Summary Account)

Include fees associated with growth and development. Note that licenses and permits are coded in the 320 series. Intergovernmental shared costs are coded 338.58. Use 341.50 for sales of maps and publications.

345.81 **ZONING AND SUBDIVISION.** (E.g., developer fees and moneys collected from voluntary agreements allowing a payment in-lieu of a dedication of land or to mitigate a direct impact that has been identified as a consequence of a proposed development, subdivision, or plat.) Use 345.84 for moneys used for local off-site transportation improvements authorized by Chapter 39.92 RCW. (RCW 82.02.020)

345.83 **PLAN CHECKING.** Include fees for inspecting and reviewing plans. (RCW 82.02.020)

345.84 **LOCAL TRANSPORTATION ACT (LTA) IMPACT FEES.** (Not GMA Impact Fees -- see account 345.85) Include developer fees and moneys for off-site transportation improvements not yet constructed and for those jointly funded improvements constructed since the commencement of a transportation improvement program (RCW 39.92.040). Note: Contributions from private sources are accounted for in 367.12.

345.85 **IMPACT FEES.** Include fees and moneys collected on development activity to be used as part of the financing for public facilities such as: (a) public streets and roads; (b) publicly owned parks, open space, and recreation facilities; (c) school facilities (unless the collecting government operates the school system, these fees should be recorded in an agency fund); and (d) fire protection facilities in jurisdictions that are not part of a fire district in compliance with Growth Management Act (RCW 36.70A.040). (RCW 82.02.050 through .090) Note: Contributions from private sources should be accounted for in 367.12.

345.86 **SEPA RELATED MITIGATION FEES.** Chapter (43.21C RCW). Note: Contributions from private sources are accounted for in 367.17.

345.89 **OTHER PLANNING AND DEVELOPMENT.** Include fees for preparing environmental review documents and other mitigation payments.

345.90 **HOUSING SERVICES.** Include charges for minor home repairs, weatherization services, etc. Note that licenses and permits are coded in the 320 series. Use 342.40 for building inspection fees and use 362.60 for rent income.

(346) **MENTAL AND PHYSICAL HEALTH** (Summary Account)

346.10 **HOSPITAL AND CONVALESCENT CENTER.** Include amounts received for daily and ancillary services. Do not include amounts received for services separately listed below.

346.20 **PUBLIC HEALTH CLINIC.** Include amounts received for daily and ancillary services. Do not include amounts for services separately listed below.

346.30 **SUBSTANCE ABUSE SERVICES.** Amounts received on behalf of recipients of substance abuse services. Include client fees, copayments, capitation payments and deductible payments and charges for services provided under a contract with a private entity. Do not include grants from any government agency. (See account 330 series.) Local governments performing these services under contract with other governments should use account 338.

346.40 **MENTAL HEALTH SERVICES**

346.50 **ENVIRONMENTAL HEALTH SERVICES.** Include environmental lab fees, inspection fees, water system plan check fees, etc. Do not include fees or charges for licenses or permits such as sewage and design permits, food handler cards and licenses for sewage system designers, installers and pumpers. See accounts 321.10, 322.10, etc.

346.60 **DEVELOPMENTAL DISABILITIES SERVICES.** Payments made by or on behalf of recipients of developmental disability services. Include client fees, copayments, capitation payments and deductible payments and charges for services provided under a contract with a private entity. Do not include grants from any government agency. (See account 330 series.) Local governments performing these services under contract with other governments should use account 338.

346.70 **OTHER PUBLIC HEALTH FEES.** Include vital statistics.

346.80 **CORONERS' FEES**

346.90 **MISCELLANEOUS SERVICES**

(347) **CULTURE AND RECREATION** (Summary Account)

347.10 **COOPERATIVE EXTENSION SERVICES.** Fees and charges for training programs, including tuition for home economics and agricultural education, 4-H club fees, etc. Use 341.50 for sales of maps and publications.

347.20 **LIBRARY USE FEES.** Include non-resident borrowers' fees and film rentals. Use 341.60 for photocopies, 359.70 for fines, and 362 for rentals of equipment and facilities.

347.30 **ACTIVITY FEES.** Fees to use a recreational facility. (E.g., golf green fees, swimming pool fees, ball court use fees, etc.) If the use fee is included as part of a charge for an organized recreational program, use 347.60. Use 362 for camping fees, rentals of equipment, and rentals of facilities. Sales tax collected on these items should be posted to account 386.

347.40 **EVENT ADMISSIONS.** Charges to attend a fair, performance, sporting event, convention, etc. Use account 362 for parking fees.

347.50 **EXHIBIT ADMISSIONS.** Charges to enter a museum, zoo, aquarium, botanical garden, or other permanent display.

347.60 **PROGRAM FEES.** Charges for organized recreational programs, including tuition for recreational education. (E.g., Little League, skiing and swimming lessons, summer camps, excursions, arts and crafts, etc.) Sales tax collected on these items should be posted to account 386.

347.90 **OTHER FEES AND CHARGES.** Include conference participant fees, vendor display charges, first aid programs, periodical subscriptions and related royalties, etc.

(348) **INTERNAL SERVICE FUND SALES AND SERVICES** (Summary Account)

Include sales and charges for services by an internal service fund to another fund of the same government. Use 349 for payments between departments of the same fund. Use 341-347 for sales and charges to other governments and private parties. Use accounts 365 and 366 for interfund trust contributions, insurance payments and rents. Amounts recorded as a 348 revenue by the internal service fund should result in an object-90 expenditure by the paying fund. See accounts 362.10 and 362.20 for Equipment and Vehicle Rentals revenue.

348.10 **COMMUNICATION SERVICES**

348.20 **SALES OF ROAD MATERIALS.** Include revenues of pits, quarries, and asphalt plants.

348.30 **VEHICLE/EQUIPMENT REPAIR CHARGES**

348.40 **SALES OF PARTS.** Use this account for items issued to repair or maintain vehicles and heavy equipment.

348.50 **FUEL SALES**

348.60 **WORD PROCESSING, PRINTING AND DUPLICATING SERVICES**

348.70 **OTHER SALES.** Include sales from central stores and fabrication shop charges for materials, labor, and overhead. Use 341.70 for sales of signs to other governments.

348.80 **DATA PROCESSING SERVICES**

(348.90) **OTHER INTERNAL SERVICES** (Summary Account)

348.91 **RISK MANAGEMENT SERVICES**
348.92 **PROPERTY MANAGEMENT SERVICES**
348.94 **PURCHASING SERVICES.** There is no need to separate these charges if included in the price of merchandise.
348.95 **ARCHITECT/ENGINEERING SERVICES**
348.96 **PERSONNEL SERVICES**
348.97 **EMPLOYEE BENEFIT PROGRAM SERVICES.** Use 366.50 for interfund employer-paid premiums; 369.71 through 369.73 for employee-paid premiums and premiums from other employers.

(349) **INTERFUND/INTERDEPARTMENTAL CHARGES - SALES AND SERVICES** (Summary Account)

Include sales and charges for services by one fund or department to another fund or department of the same government, except:

(1) Sales and charges by internal service funds (use 348);
(2) Utility charges and service fees (use 343);
(3) Shared costs, operating and capital subsidies (see the Glossary for the definition of transfers; use 397 for transfers);
(4) Reimbursements (see the Glossary for definition; post to the expenditure account).

This account is also used to record interdepartmental transactions within an internal service fund. Note that separate accounts are established for interfund taxes (314) and interfund licenses and permits (329). Use accounts 365 and 366 for interfund trust contributions, insurance payments, and rents.

NOTE THAT INTERFUND PAYMENTS FOR ELECTRICITY, GAS, WATER, SEWER AND GARBAGE SERVICE ARE NOT CREDITED TO 349 BUT TO 343.30, 343.40, ETC.

The specific accounts prescribed below are comprised of the account 349 plus the expenditure Basub of the service that is being paid for. While the list is intended to be comprehensive, it does not include every expenditure Basub and you may need to use an account not listed below. What is recorded as a 349-type revenue by the performing fund or department should result in an object-90 expenditure by the paying fund or department.

349.11 **LEGISLATIVE SERVICES.** (For details regarding election services, see Part 3, Chapter 12, Interpretation 8.)
349.12 **COURT FEES AND CHARGES**
349.14 **FINANCIAL SERVICES**
349.15 **LEGAL SERVICES**
349.16 **PERSONNEL SERVICES**
349.17 **EMPLOYEE BENEFIT PROGRAM SERVICES**
349.18 **CENTRAL SERVICES.** Include property management, janitorial services, word processing, printing, duplicating, and photocopy services, data processing, and building security.
349.19 **OTHER GENERAL GOVERNMENT SERVICES.** Include fabrication shop charges, central stores sales.

349.21 **LAW ENFORCEMENT SERVICES**
349.22 **FIRE PROTECTION SERVICES**
349.23 **DETENTION/CORRECTION SERVICES**
349.24 **INSPECTION SERVICES**
349.25 **EMERGENCY SERVICES**
349.27 **JUVENILE SERVICES**
349.28 **COMMUNICATION SERVICES**

349.31 **NATURAL RESOURCE SERVICES.** Include interfund payments for flood control, pollution control, and weed control.
349.32 **FACILITY ENGINEERING SERVICES**
349.39 **OTHER ENVIRONMENTAL SERVICES.** Include interfund payments for animal control, nuisance and pest control.

349.42 **ROAD MAINTENANCE SERVICES**
349.48 **MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT.** Include interfund payments for road materials, vehicle repairs, parts, and fuel.

349.53 **VETERANS SERVICES**
349.55 **AGING SERVICES**
349.56 **SERVICES FOR DISABLED**
349.57 **COMMUNITY SERVICES**
349.58 **PLANNING SERVICES**
349.59 **HOUSING SERVICES**

349.62 **PUBLIC HEALTH CLINIC SERVICES**
349.63 **CORONER SERVICES**
349.64 **MENTAL HEALTH SERVICES**
349.66 **SUBSTANCE ABUSE SERVICES.** Shared costs and operating subsidies are coded 338 and 397 respectively.
349.68 **DEVELOPMENTAL DISABILITIES SERVICES**
349.69 **OTHER HEALTH SERVICES**

349.71 **EDUCATIONAL SERVICES.** Use 349.78 for interfund tuition charges.
349.72 **LIBRARY SERVICES**
349.76 **RECREATION PROGRAMS**
349.78 **TUITION CHARGES**

349.95 **ROAD CONSTRUCTION AND ENGINEERING SERVICES**

(350) FINES AND FORFEITS (Summary Account)

The terms *fine*, *forfeiture*, *penalty*, and *assessment* are often used interchangeably. For proper meaning of those terms refer to the Glossary.

In municipal courts, parking fines (354) are 100% local revenue as are investigative fund assessments (356.50). All other fines, forfeitures and penalties assessed are subject to a 60% surcharge; the city's share is 68% of the total fine and surcharge; the remaining 32% is remitted to the state (RCW 3.62.090(1)). Note that 1.75% of the local portion must be remitted to the county for crime victim and witness programs. This 1.75% applies not only to penalties but also to all court fees that are shared with the state. This portion should be recorded by cities in 386 when received and 586 when transferred to the county. Only counties should use 341.98 when they receive the money and 515.70 when they make payments to victims and witnesses. (RCW 3.46.120, 3.50.100, 3.62.090, and 7.68.035(8).) An additional 50% of the PSEA surcharge is added to all fines forfeitures and penalties, except for DUI and parking, which must be remitted in total to the state (RCW 3.62.090(2)).

In district courts, parking fines (354) are 100% local revenue as are investigative fund assessments (356.50). All other fines, forfeitures and penalties are subject to a 60% surcharge; the county's share is 68% of the total fine and surcharge; the remaining 32% is remitted to the state (RCW 3.62.090(1)). Note that 1.75% of the local portion must be used by the county for crime victim and witness programs. This 1.75% applies not only to penalties but also to all court fees that are shared with the state. (RCW 3.62.020, .090 and 7.68.035(4).) An additional 50% of the PSEA surcharge is added to all fines, forfeitures, and penalties, except on DUI and parking, which must be remitted in total to the state (RCW 3.62.090(2)).

In superior courts, all fines, forfeitures, and penalties other than investigative fund assessments (351.50) are also split with the state, but no surcharge is assessed. Otherwise, the county's share is 68% of the total fine; the remaining 32% is remitted to the state with the exception of account 351.30, of which 46% is remitted to the state. The 1.75% of the local portion of penalties (but not fees) must be used by the county for crime victim and witness programs. (RCW 7.68.035(4) and 10.82.070)

The following revenue accounts should not include the state portion. Use account 386 for the state portion.

(351) **SUPERIOR COURT - FELONY/MISDEMEANOR PENALTIES** (Summary Account)

351.30 **CRIMINAL FILING FEES.** Although called fees in statute, these charges are classified as penalties because they are collected in criminal cases upon conviction, plea of guilty, or upon failure to prosecute an appeal from a court of limited jurisdiction. (RCW 36.18.020(17)) The Judicial Accounting Sub-System (JASS) uses 351.31 for this account.

351.50 **INVESTIGATIVE FUND ASSESSMENTS.** Amounts that the court orders a defendant to contribute to a local fund for investigations. The assessment is not shared with the state. Moneys confiscated and other property forfeited in drug-related arrests are accounted for at 369.30 (RCW 9.95.210). A defendant's repayment of moneys used to obtain a basis for arrest should be coded to the appropriate expenditure account as a reimbursement.

Use 351.50.08 for the fine for manufacturing methanphetamine and designated for cleanup of laboratories (RCW 69.50.440).

351.80 **CRIME VICTIM PENALTY ASSESSMENTS.** An additional assessment levied only in superior court.

351.90 **OTHER SUPERIOR COURT PENALTIES.** Includes fines for misdemeanors (also when combined with felonies or reduced from felonies). Juvenile diversion fines, probation, and other service charges are accounted for at 342.70, except for truancy fines (RCW 28A.225.110) which should be recorded in this account. The Judicial Accounting Sub-System (JASS) uses 351.91 for this account.

(352) **CIVIL PENALTIES** (Summary Account)

352.20 **CRUELTY TO ANIMALS PENALTIES.** These penalties are retained 100% locally. (RCW 16.52.200)

352.30 **PROOF OF MOTOR VEHICLE INSURANCE.** Includes only administrative costs. Includes 1.75% crime victims split. Penalty for failure to have insurance is recorded in account 353.10. (RCW 46.30.020)

352.90 **OTHER CIVIL PENALTIES.** (E.g., violations of court orders, etc.) Bail bond forfeitures should be accounted for in the appropriate category of offense (felony, misdemeanor, etc.). These penalties are shared with the state. (RCW 10.82.070) The Judicial Accounting Sub-System (JASS) uses 352.90.01 for district/municipal courts and 352.90.02 for superior courts.

(353) **CIVIL INFRACTION PENALTIES** (Summary Account)

These penalties are shared with the state. Use account 386 for the state portion of penalties.

353.10 **TRAFFIC INFRACTION PENALTIES.** Infraction rules for courts of limited jurisdiction (RCW 46.63.110). Include penalties for speed infractions in a roadway construction zone (RCW 46.61.527), violations of speed restrictions within a school or playground zone (RCW 46.61.440) and passing school buses (RCW 46.61.370).

353.70 **NON-TRAFFIC INFRACTION PENALTIES.** Include penalties for fish and game, wildlife, agriculture, building code violations, standing-stopping pedestrian violations, and litter and junk vehicle violations (RCW 70.93.060, 70.95.240, 46.55.230).

354.00 **CIVIL PARKING INFRACTION PENALTIES**

Include penalties for parking in places reserved for persons with disabilities (RCW 46.16.381).

(355) **CRIMINAL TRAFFIC MISDEMEANOR FINES** (Summary Account)

Includes only fines from courts of limited jurisdiction (district/municipal).

355.20 **DRIVING UNDER INFLUENCE (DUI) FINES.** Also include the local portion of an additional fee imposed by RCW 46.61.5054. Presentence and probation assessments are accounted for at 342.33.

355.80 **OTHER CRIMINAL TRAFFIC MISDEMEANOR FINES.** Include penalties for reckless endangerment of highway workers (RCW 46.61.527). The presentence evaluation fees and probation assessments are accounted for at 342.33.

(356) **CRIMINAL NON-TRAFFIC FINES** (Summary Account)

356.40 **BOATING SAFETY FINES.** Fines for the violation of watercrafts' registration rules (RCW 88.02.110). These penalties are not shared with the state.

356.50 **INVESTIGATIVE FUND ASSESSMENTS.** Amounts that the court orders a defendant to contribute to a local fund for investigations. This assessment is not shared with the state and is not subject to the 60% surcharge. Moneys confiscated and other property forfeited in drug-related arrests are accounted for at 369.30. A defendant's repayment of moneys used to obtain a basis for arrest should be coded as a reimbursement. (RCW 9.95.210)

356.80 **DISTRICT COURT FELONY FINES.** Include only felony fines collected by courts of limited jurisdiction.

356.90 **OTHER CRIMINAL NON-TRAFFIC FINES.** Include fines for theft, assault, prostitution, public hazards, nuisances, and litter and junk vehicle violations (RCW 70.93.060, 70.95,240, 46.55.230). The presentence evaluation fees and probation assessments are accounted for at 342.33.

(357) **CRIMINAL COSTS** (Summary Account)

Costs incurred in judicial proceedings that are recovered from the defendant. In order to qualify as *costs*, the amount collected must be directly related to payments that the local government has made to third parties, such as jury, witnesses, or attorneys. These costs recovered are retained in total by the local jurisdiction and not shared with the state. Assessments of general *costs*, not directly related to specific payments to the local jurisdiction has made are recorded as penalties in the appropriate category (felony, misdemeanor, etc.). Assessments of general *costs* at a flat dollar amount that are not related to an expenditure of the local government are to be accounted for as fines in the appropriate category (felonies at 351, infractions at 353, and misdemeanors at 355). Costs recovered for juvenile detention, diversion, and probation are accounted for at 342.70 and adult presentence evaluation fees and probation assessments are accounted for at 342.33. Recovery of damages to your own government's facilities should be coded 395.20. Restitution for damages to other property is a trust transaction (see account 386).

357.20 **SUPERIOR COURT COST RECOUPMENTS.** Costs collected from a defendant upon conviction, etc. Only those costs recovered on a dollar-for-dollar basis for amounts paid out by the county should be included in this account.

357.21 **JURY DEMAND COST.** A jury demand fee may be assessed against a convicted defendant, but not the mileage or per diem paid to jurors. (RCW 10.01.160(2) and 10.46.190)

357.22 **WITNESS COST.** The cost associated with attendance of witnesses for the prosecution may be assessed against a convicted defendant. If the defendant is indigent and the local government has paid for witnesses for the defense, this expenditure may also be charged against the defendant as a cost. If the state has reimbursed the county for witness fees that are later recouped from a defendant, the county should pay the state back in the same amount collected from the defendant. (RCW 10.01.160 and AGO 1976 #14)

357.23 **PUBLIC DEFENSE COST.** The cost of providing public defense to indigent defendants may be recouped from a convicted defendant. (RCW 10.01.160 and AGO 1976 #14)

357.24 **LAW ENFORCEMENT SERVICE COST.** Include sheriff's fees for seizures, auction sales, and serving papers and warrants, including the related mileage and making a return, when recovered by court judgment; for other law enforcement fees, use account 342.10. (RCW 10.01.160(2) and 36.18.040)

357.25 **COURT INTERPRETER COST.** The cost of employing a foreign language interpreter or interpreter for hearing impaired. (RCW 2.43.040(4))

357.26 **COST RECOUPED - MANDATES.** Attorney's fees and expenses awarded by the court of appeals and collected by the trial courts.

357.29 **COLLECTION AGENCY COST.** The cost of services provided by a collection of outstanding legal financial obligations (LFO) may be recouped from a convicted defendant. The cost of bank services relating to the provisions of credit cards may also be recouped from a convicted defendant. (RCW 36.18.190)

357.30 **DISTRICT/MUNICIPAL COURT COST RECOUPMENTS.** Costs collected from a defendant upon conviction, etc. Only those costs recovered on a dollar-for-dollar basis for amounts paid out by the county or city should be included in this account.

357.31 **JURY DEMAND COST.** A jury demand fee may be assessed against a convicted defendant, but not the mileage or per diem paid to jurors. (RCW 10.01.160(2) and 10.46.190)

357.32 **WITNESS COST.** The cost associated with attendance of witnesses for the prosecution may be assessed against a convicted defendant. If the defendant is indigent and the local government has paid for witnesses for the defense, this expenditure may also be charged against the defendant as a cost. (RCW 10.01.160 and AGO 1976 #14)

357.33 **PUBLIC DEFENSE COST.** The cost of providing public defense to indigent defendants may be recouped from a convicted defendant. (RCW 10.01.160 and AGO 1976 #14)

357.34 **LAW ENFORCEMENT SERVICES.** Include sheriff's fees for seizures, auction sales, and serving papers and warrants, including the related mileage and making a return, when recovered by court judgment; for other law enforcement fees, use account 342.10. (RCW 10.01.160 and 36.18.040)

357.35 **COURT INTERPRETER COST.** The cost of employing a foreign language interpreter or interpreter for the hearing impaired may be recouped from a convicted defendant. (RCW 2.43.040(4))

357.36 **COLLECTION AGENCY COST.** The cost of services provided by a collection agency in the collection of outstanding fines and penalties may be recouped from a convicted defendant. The cost of bank services relating to the provisions of credit cards may also be recouped from a convicted defendant. (RCW 3.02.045(5))

357.50 **CRIMINAL PROFITEERING.** Confiscated moneys, court ordered payments of actual cost incurred, proceeds from the sale of forfeited property from criminal profiteering acts. The moneys shall be used by the county prosecuting attorney for the investigation of any offense, within their jurisdiction, included in the definition of criminal profiteering, including civil enforcement.

Do not include moneys in excess of actual costs incurred in actions brought by the county prosecuting attorney on behalf of the county under RCW 9A.82.100(1)(b)(i). These moneys are to be deposited in the Public Safety and Education Account in the state general fund (use account 386). (RCW 9A.82.100 and .110)

(359) **NON-COURT FINES, FORFEITURES, AND PENALTIES** (Summary Account)

Courts should not use this Basub, which is segregated for other penalties assessed by local governments. See also penalties on taxes (319), licenses and permits (321.80 and 322.80), and LID assessments (361.51).

359.10 **FORFEITURES OF BONDS AND DEPOSITS.** (E.g., performance and bid bonds.)

359.70 **LIBRARY FINES.** (E.g., late returns, etc.)

359.90 **MISCELLANEOUS FINES AND PENALTIES**

(**360**) **MISCELLANEOUS REVENUES** (Summary Account)

Revenues derived from sources not otherwise provided for in accounts 310 to 359.

(361) **INTEREST AND OTHER EARNINGS** (Summary Account)

Interest earned on investments, contracts, notes, and loans, etc. Do not include interest on delinquent taxes (319) or interest on interfund loans (366.10).

(361.10) **INVESTMENT INTEREST** (Summary Account)

361.11 **INVESTMENT INTEREST.** Interest earnings collected on investments held/sold (net of investment service fees).
361.12 **ARBITRAGE INTEREST**
361.19 **INVESTMENT SERVICE FEES.** Charges deducted by treasurers from investment earnings.

361.30 **GAINS (LOSSES) ON INVESTMENTS.** Gain or loss on sale of investments. Do not include any earnings attributable to interest.

361.40 **INTEREST ON CONTRACTS, NOTES, TAXES AND LOANS.** Interest received on contracts, notes, taxes and accounts held. (Do not include interest on delinquent taxes.) Use 361.40.01 for interest collected by municipal/district courts and 361.40.02 for superior courts. (RCW 3.46.120, 3.50.100, 3.62.020, .040, 10.82.090, 35.20.220)

(361.50) **INTEREST AND PENALTIES ON CAPITAL ASSESSMENTS** (Summary Account)

See account 368 for capital assessment principal. Use account 317.70 for operating assessment principal and 319.80 for related interest and penalties.

361.51 **PENALTIES**
361.55 **INTEREST**

361.90 **OTHER INTEREST EARNINGS.** Any other type of interest or dividend received.

(362) **RENTS, LEASES AND CONCESSIONS** (Summary Account)

(E.g., rentals, leases, percent of concession proceeds, commissions, royalties, etc.) Revenue from external sources only. Sales and leasehold taxes collected on these items should be posted to account 386. (See 365 and 366 for interfund rentals.)

362.10 **EQUIPMENT AND VEHICLE RENTALS (SHORT-TERM).** Rentals at hourly, daily or weekly rates. Include operator charges if you do not choose to separate them; otherwise use the 340 series for operator fees (e.g., 344.10 for snow plowing).

362.20 **EQUIPMENT AND VEHICLE LEASES (LONG-TERM).** Leases at monthly or annual rates.

362.30 **PARKING.** Rentals at hourly, daily or weekly rates. Use 362.50 for long-term leases of parking space.

362.40 **SPACE AND FACILITIES RENTALS (SHORT-TERM).** Rentals at hourly, daily or weekly rates. Include camping and moorage fees but use 347.30 for other recreational use fees.

362.50 **SPACE AND FACILITIES LEASES (LONG-TERM).** Leases at monthly or annual rates.

362.60 **HOUSING RENTALS/LEASES**

362.80 **CONCESSION PROCEEDS**

362.90 **OTHER CHARGES.** Include royalties for property use. Use 347.70 for publication royalties.

363.00 **INSURANCE PREMIUMS AND RECOVERIES.** Use this account for intergovernmental revenues and payments from private sources, including insurance claim receipts. Use 395.20 and 395.30 for recoveries on property insurance. Experience rating credits and other premium rebates should be treated as reimbursements.

(365) **INTERNAL SERVICE FUND MISCELLANEOUS REVENUES** (Summary Account)

All charges for rent, insurance, etc., by an internal service fund to another fund of the same government. Use this Basub for interfund payments only. Use 362 and 367 for revenues from other governments and private sources. Use 366.90 for payments between departments of the same fund. What is recorded as a 365 revenue by the internal service fund should result in an object 90 expenditure by the paying fund.

365.10 **INTERFUND EQUIPMENT AND VEHICLE RENTALS (SHORT-TERM).** See 362.10

365.20 **INTERFUND EQUIPMENT AND VEHICLE LEASES (LONG-TERM).** See 362.20

365.30 **INTERFUND PARKING.** See 362.30. Payroll deductions should be coded 362.50.

365.40 **INTERFUND SPACE AND FACILITIES RENTALS (SHORT-TERM).** See 362.40

365.50 **INTERFUND SPACE AND FACILITIES LEASES (LONG-TERM).** See 362.50

365.80 **INTERFUND INSURANCE PREMIUMS.** Use this account for interfund payments for property and liability insurance. Use 366.50 for employee benefit programs. See 363 for intergovernmental and private payments.

365.90 **OTHER.** Use 366.10 for interfund interest.

(366) **INTERFUND/INTERDEPARTMENTAL - MISCELLANEOUS REVENUES** (Summary Account)

Include interfund trust contributions and miscellaneous payments by one department or fund to another department or fund of the same government, except:

(1) Rents, insurance premiums, and miscellaneous charges by internal service funds (use 365);

(2) Shared costs, operating and capital subsidies (see the Glossary for the definition of transfers; use 397 for transfers);

(3) Reimbursements (see the Glossary for definition; post to expenditure account).

This account is also used to record interdepartmental transactions within an internal service fund. Note that separate accounts are established for interfund taxes (314), interfund licenses and permits (329), and interfund charges for services (348 and 349). What is recorded as a 366 revenue by the performing fund or department should result in an object 90 expenditure by the paying fund or department, except for 366.10 which should use subobject 82.

366.10 **INTERFUND INTEREST.** (E.g., interest on interfund loans, assessments, etc.)

366.20 **INTERFUND RENTS AND CONCESSIONS.** See 365 for internal service fund rental revenues.

366.50 **INTERFUND TRUST CONTRIBUTIONS - EMPLOYER.** Note that amounts withheld from employee paychecks are accounted for at 369.71 and 369.72. See 348.97 for service fees.

366.90 **OTHER.** Include special assessment principal due to a governmental fund.

(367) **CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES** (Summary Account)

For capital contributions in proprietary funds use account 379.

367.11 **GIFTS, PLEDGES, GRANTS AND BEQUESTS FROM PRIVATE SOURCES.** Use 379.00 for utility hook-up and connection charges.

367.12 **PLANNING AND DEVELOPMENT CONTRIBUTIONS** (RCW 82.02.020). Include only contributions from private sources.

367.19 **OTHER**

368.00 SPECIAL ASSESSMENT PRINCIPAL

Use this account to record principal payments received. Use 361.50 for penalties and interest on assessments. Use 317.70 for operating assessments.

368.80 **DEFERRED ASSESSMENTS.** Distributed by the state treasurer based on the amount of special assessments certified as deferred by the county assessor. See 311.60 for deferred property taxes. (RCW 84.38.120)

(369) OTHER MISCELLANEOUS REVENUES (Summary Account)

Revenues from other sources not otherwise included in accounts 361 thru 368.

369.10 SALE OF SCRAP AND JUNK

369.20 **UNCLAIMED MONEY AND PROCEEDS FROM SALES OF UNCLAIMED PROPERTY.** Includes sale of intangible property, unclaimed for more than two years (RCW 63.29.130), sale of unclaimed animals, (Chapters 63.32 or 63.40 RCW) and excess proceeds from the sale of tax title property (RCW 36.35.110).

369.30 **CONFISCATED AND FORFEITED PROPERTY.** Include proceeds from sale of confiscated and forfeited property. Use 386 to record the state portion of the proceeds. (RCW 69.50.505, 46.61.5058 and 9.41.098)

369.40 **JUDGMENTS AND SETTLEMENTS.** Revenue from claims determined by legal judgment or mutual consent. Include liquidated damages. See 363 and 395 for claims related to insurable losses.

(369.70) TRUST CONTRIBUTIONS (Summary Account)

369.71 VOLUNTARY CONTRIBUTIONS FROM EMPLOYEES
369.72 MANDATORY CONTRIBUTIONS FROM EMPLOYEES
369.73 CONTRIBUTIONS FROM EMPLOYER

(369.80) CASH ADJUSTMENTS (Summary Account)

369.81 CASHIER'S OVERAGES OR SHORTAGES
369.82 FOREIGN CURRENCY EXCHANGE ADJUSTMENTS

369.90 **OTHER.** Include recovery of NSF fees, corrections of minor errors and reimbursements from prior year expenditures, etc. See 388.80 for prior year corrections. Use 341.70 for concession sales to institution inmates, vending machine proceeds, etc.

(370) CAPITAL CONTRIBUTIONS (PROPRIETARY FUNDS ONLY) (Summary Account)

374.00 CAPITAL CONTRIBUTIONS – FEDERAL/STATE/LOCAL

Use grant source coding in the element/subelement/object/subobject field. See coding instructions for direct federal grants. For coding capital contributions from private sources see account 379.00.

379.00 CAPITAL CONTRIBUTIONS

Financial resources for capital purposes provided by private contributors. Include tap fees and hook-up fees. Also include special assessments. The operating part of those contributions should be accounted for as operating revenue. (e.g., 317.70 for assessments and 343 for utility hook-up fees, etc.)

(380) NONREVENUES (Summary Account)

Receipts which do not meet revenue criteria.

(381) INTERFUND LOAN RECEIPTS (Summary Account)

Include all interfund receipts covering loans to the local government. Do not include interfund receipts for services, materials or equipment properly included in other revenue accounts.

381.10 LOANS RECEIVED

381.20 LOAN REPAYMENT RECEIVED

(382) PROCEEDS OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY (Summary Account)

Use account 391 for governmental fund debt. See Part 3, Chapter 1 for fund classification.

382.10 GENERAL OBLIGATION BOND PROCEEDS

382.20 REVENUE BOND PROCEEDS

382.30 SPECIAL ASSESSMENT BOND PROCEEDS

382.40 REVENUE WARRANT PROCEEDS

382.50 PROCEEDS OF CAPITAL LEASES AND INSTALLMENT PURCHASES

382.60 PROCEEDS OF ANTICIPATION NOTES/WARRANTS

382.70 OTHER NOTE PROCEEDS

382.80 INTERGOVERNMENTAL LOAN PROCEEDS

382.90 PROCEEDS OF OTHER DEBT. Include registered warrants.

384.00 PROCEEDS FROM SALES OF INVESTMENTS

Include proceeds derived from the sale of investments. Exclude any interest or other earnings properly classified as revenue.

386.00 AGENCY TYPE DEPOSITS

Examples include the following receipts of trust and agency moneys:

- Sales and leasehold excise taxes
- Forest patrol, forest fire protection assessment
- State share of gun permits
- Surety and performance deposits
- Passports and naturalization fees that are transferred to the federal government
- Centennial document preservation and modernization agency deposit. For details see Part 3, Chapter 12, Interpretation 10.

Note: 386.12.00 is used by the DISCIS for remittances of crime victim and witness program amounts to the counties.

(386.80) STATE REMITTANCES--COURTS (Summary Account)

386.81 STATE REMITTANCES--APPELLATE FILING FEE. Use this account to remit to the state treasurer any appellate court filing fees collected by the superior court for the courts of appeals (RCW 2.32.070). Use 386.81.99 (STATE REMITTANCES--APPELLATE INDIGENT DEFENSE RECOUPMENT) to remit to the State Treasurer's Office any appellate indigent defense recoupments from convicted defendants (RAP 15.6).

386.82 STATE REMITTANCES--VEHICLE LICENSING FRAUD ACCOUNT. Use this account to remit to the state treasurer fines collected for evading the payment of any registration tax or license fee (RCW 46.19.010).

386.83 STATE REMITTANCES--EMERGENCY AND TRAUMA SERVICES. Use this account to remit fee assessed on traffic infractions and designated to the Emergency Medical Services and Trauma Care System Trust Account (RCW 46.63.110).

386.89 STATE REMITTANCES--MISCELLANEOUS. Use 386.89.01 for remittances to the Health Profession Account (RCW 18.130.190(7)).

(386.90) STATE REMITTANCES--COURTS (Summary Account)

386.91 STATE REMITTANCES--SEGREGATED. Use this account to remit to your local treasurer the state's portion of your court's fees, fines, penalties and interest collected. Use 341-358 for your government portion of these revenues (RCW 3.46.120, 3.50.100, 3.62.020, .040, 10.82.070, 35.20.220, 36.18.025). Collections on behalf of trust accounts are trust transactions. If BARS coding is used for these, use 386 subaccounts. Also use this account for the remittance of the state portion of additional 60% PSE Assessment (RCW 3.62.090(1)). Use 386.91.01 for remittance of all fines, forfeitures, etc., related to game and game fish (RCW 77.12.201 and .203).

386.92 STATE REMITTANCES--SEGREGATED--50% STATE DEDICATED PSEA. Use this account to remit to your local treasurer the 30% (50% of additional 60% PSE Assessment = 30%) PSE Assessment collected on all fines, penalties, and forfeitures except DUI and parking (RCW 3.62.090(2)).

386.93 STATE REMITTANCES--SEGREGATED--HORTICULTURAL PEST AND DISEASE CONTROL PENALTIES. Use this account to remit to your local treasurer the total penalty assessed for repeat violations (RCW 15.09.100, 17.24.100).

386.94 STATE REMITTANCES--SEGREGATED--CIVIL WILDLIFE RESTITUTION. Use this account to remit to your local treasurer the total wildlife restitution penalty assessed upon condition of killing or possessing protected or endangered species. These revenues are remitted in total to the state PSEA account (RCW 77.21.070).

386.95 STATE REMITTANCES--SEGREGATED--UNCLAIMED RESTITUTION. Use this account to remit to your local treasurer the restitution from the defendant if the victim entitled to the restitution can not be found or died. These revenues are remitted in total to the state PSEA account and then used to compensate victims of crimes through the crime victims compensation fund (RCW 7.68.290).

386.96 STATE REMITTANCES--CRIME LAB ANALYSIS. Use this account to record the state portion of the administration fee. The local portion is recorded in 341.33 or 341.37. Also include the state portion of an additional fee as assessed in RCW 46.61.5054. Local portion of that fee is recorded in 355.20.

386.97 STATE REMITTANCES--JUDICIAL INFORMATION SYSTEM (JIS). Use this account to record the $10 assessment on fines and penalties for the purpose of the JIS (RCW 2.68.040) and 25% of the interests collected on penalties, fines, bail forfeitures, fees and costs (RCW 3.46.120, 3.50.100, 3.62.020, .040, 10.82.090, 35.20.220).

386.98 STATE REMITTANCES--PROSTITUTION PREVENTION AND INTERVENTION. Use this account to record monthly remittance of fees collected for violation of RCW 9.68A.100 or Chapter 9A.88 (RCW 9A.88.120 and 9.68A.105).

386.99 STATE REMITTANCES--SCHOOL ZONE SAFETY. Use this account to record monthly remittance of penalties assessed for violation of speed restrictions within a school or playground speed zone (RCW 46.61.440) and for passing school buses (RCW 46.61.370).

388.00 OTHER INCREASES IN NET CASH AND INVESTMENTS

388.80 **PRIOR YEAR(S) CORRECTIONS.** This account should be used only for material errors in prior periods that would distort current operations. The corrections should be recorded as a direct adjustment to the net cash and investments at the beginning of the fiscal year. This account should never be used for refunds or canceled warrants both of which should be posted to the expenditure account. The correction of minor errors should be posted to 369.90.

389.00 OTHER NONREVENUES

Subdivide this account as necessary to identify nonrevenue receipts which are not includable in accounts 381 through 388. This account may also be used for receipt of refunds and canceled warrants pending their posting to expenditure accounts. Examples:

- Receipt of moneys into a clearing fund such as salary or claims.
- Receipt of moneys into a suspense fund.
- Receipt of unidentified moneys pending identification and ultimate distribution.
- Receipt of moneys from the refunding trustee for the redemption of refunded bonds and the payment of interest.
- Receipt of moneys for interest on bonds issued between interest coupon dates. Use 589 for disbursement of this money at the next coupon date.
- Revenues received in advance.
- Proceeds of short-term anticipation notes/warrants.

(390) OTHER FINANCING SOURCES (Summary Account)

(391) PROCEEDS OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY (Summary Account)

Use account 382 for proprietary fund debt. See Part 3, Chapter 1 for fund classification.

391.10 GENERAL OBLIGATION BOND PROCEEDS

391.30 SPECIAL ASSESSMENT BOND PROCEEDS

391.50 PROCEEDS OF CAPITAL LEASES AND INSTALLMENT PURCHASES

391.60 PROCEEDS OF ANTICIPATION NOTES/WARRANTS

391.70 OTHER NOTE PROCEEDS

391.80 INTERGOVERNMENTAL LOAN PROCEEDS

391.90 PROCEEDS OF OTHER LONG-TERM DEBT

393.00 PROCEEDS OF REFUNDING LONG-TERM DEBT

(395) DISPOSITION OF CAPITAL ASSETS (Summary Account)

395.10 PROCEEDS FROM SALES OF CAPITAL ASSETS. (E.g., real estate (land and buildings), equipment, street vacations, timber sales.) If the total amount posted to this account in governmental funds for the fiscal year is immaterial, you may record the year-end balance to account 369.90.

395.20 COMPENSATION FOR LOSS OF CAPITAL ASSETS -- INSURANCE RECOVERIES. (E.g., recovery of monies for damaged, destroyed, stolen, or lost governmental assets.)

395.30 COMPENSATION FOR LOSS OF CAPITAL ASSETS -- OTHER RECOVERIES

397.00 TRANSFERS-IN. Include financial inflows from other funds without equivalent flows of assets in return or without requirement for repayment. Although not required, many local governments have found it useful to use the element/subelement field in account 397 to code the expenditure Basub for which the money was received. By using the same element/subelement coding in account 597, balancing and reconciliation of transfers in and out is much easier.

500 EXPENDITURE/USE ACCOUNTS

The 500 series of expenditure/use accounts categorize all expenditures/uses by function, activity and character.

Do **NOT** post transactions to summary accounts. Account headings and parenthesis indicate if a particular account is considered a summary account.

ALL accounts are prescribed unless the local government does not have that type of expenditures.

Most of the illustrations of coding expenditures and nonexpenditures include only five (5) digits or positions. An additional 1-2 digits (objects/subobjects) is required to complete the coding of all expenditures except transfers. (See green pages in this chapter.)

BARS expenditure accounts are not organized on a departmental basis. They are designed to provide a means of accumulating expenditures according to types of services provided and may be used wherever needed. Each expenditure should be classified according to the function and activity it supports, regardless of the organizational unit (e.g., department) that incurs it.

NOTE. The inclusion of an account in this chart of accounts does not in itself provide the user with the authority to do something prohibited or not otherwise authorized by law. The chart of accounts is intended to provide all accounts that will be needed by any user of the system; some apply to very few units of local government.

BASIC ACCOUNTS

508 ENDING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

510 GENERAL GOVERNMENT SERVICES
520 SECURITY OF PERSONS AND PROPERTY
530 UTILITIES AND ENVIRONMENT
540 TRANSPORTATION
550 ECONOMIC ENVIRONMENT
560 MENTAL AND PHYSICAL HEALTH
570 CULTURE AND RECREATION
580 NONEXPENDITURES
591-593 DEBT SERVICE
594-595 OTHER EXPENDITURES
597-599 OTHER FINANCING USES

508 ENDING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

(510) GENERAL GOVERNMENT SERVICES
- **(511) LEGISLATIVE**
- **(512) JUDICIAL**
- **(513) EXECUTIVE**
- **(514) FINANCIAL AND RECORDS SERVICES**
- **(515) LEGAL**
- **(516) PERSONNEL**
- **(517) EMPLOYEE BENEFIT PROGRAMS**
- **(518) CENTRAL SERVICES**
- **(519) OTHER GENERAL GOVERNMENT SERVICES**

(520) SECURITY OF PERSONS AND PROPERTY
- **(521) LAW ENFORCEMENT**
- **(522) FIRE CONTROL**
- **(523) DETENTION AND/OR CORRECTION**
- **(524) PROTECTIVE INSPECTIONS**
- **(525) EMERGENCY SERVICES**
- **(526) AMBULANCE, RESCUE AND EMERGENCY AID**
- **(527) JUVENILE SERVICES**
- **(528) COMMUNICATIONS, ALARMS AND DISPATCH**

(530) UTILITIES AND ENVIRONMENT
- **(531) NATURAL RESOURCES**
- **(532) FACILITY ENGINEERING**
- **(533) ELECTRIC AND GAS UTILITIES**
- **(534) WATER UTILITIES**
- **(535) SEWER UTILITIES**
- **(536) CEMETERY**
- **(537) GARBAGE AND SOLID WASTE UTILITIES**
- **(538) OTHER UTILITIES AND BUSINESS-TYPE ACTIVITIES**
- **(539) OTHER ENVIRONMENTAL SERVICES**

(540) TRANSPORTATION
- **(541) ROAD AND STREET PRESERVATION**
- **(542) ROAD AND STREET MAINTENANCE**
- **(543) ROAD AND STREET GENERAL ADMINISTRATION AND OVERHEAD**
- **(544) ROAD AND STREET OPERATIONS**
- **(545) ROAD AND STREET EXTRAORDINARY OPERATIONS**
- **(546) AIRPORTS, PORT AND TERMINAL FACILITIES**
- **(547) TRANSIT SYSTEMS AND RAILROADS**
- **(548) MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT**

(550) ECONOMIC ENVIRONMENT
- **(551) WELFARE**
- **(552) EMPLOYMENT OPPORTUNITY AND DEVELOPMENT**
- **(553) VETERANS SERVICES**
- **554 CHILD CARE SERVICES**
- **(555) AGING**
- **(556) SERVICES FOR DISABLED**
- **(557) COMMUNITY SERVICES**
- **(558) PLANNING AND COMMUNITY DEVELOPMENT**
- **(559) HOUSING AND COMMUNITY DEVELOPMENT**

(560) MENTAL AND PHYSICAL HEALTH
- **561 HOSPITALS AND CONVALESCENT CENTERS**
- **(562) PUBLIC HEALTH**
- **(563) CORONER**
- **(564) MENTAL HEALTH**
- **(566) SUBSTANCE ABUSE**
- **(568) DEVELOPMENTAL DISABILITIES**

(570) CULTURE AND RECREATION
- **(571) EDUCATION**
- **(572) LIBRARIES**
- **(573) SPECTATOR AND COMMUNITY EVENTS**
- **(574) PARTICIPANT RECREATION**
- **(575) CULTURAL AND RECREATIONAL FACILITIES**
- **(576) PARK FACILITIES**

(580) NONEXPENDITURES
- **(581) INTERFUND LOAN DISBURSEMENTS**
- **(582) REDEMPTION OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY**
- **584 PURCHASE OF INVESTMENTS**
- **586 AGENCY TYPE DISBURSEMENTS**
- **588 OTHER DECREASES IN NET CASH AND INVESTEMENTS**
- **589 OTHER NONEXPENDITURES**

591-593 DEBT SERVICE
- **(591) REDEMPTION OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY**
- **(592) INTEREST AND OTHER DEBT SERVICE COSTS**
- **(593) ADVANCE REFUNDING ESCROW**

594-595 OTHER EXPENDITURES
- **(594) CAPITAL EXPENDITURES**
- **(595) ROADS/STREETS CONSTRUCTION AND OTHER INFRASTRUCTURE**

597-599 OTHER FINANCING USES
- **597 TRANSFERS-OUT**
- **(598) INTERGOVERNMENTAL AGREEMENTS**
- **(599) PAYMENTS TO REFUNDED DEBT ESCROW AGENT**

508 ENDING NET CASH AND INVESTMENTS (ESTIMATED AND ACTUAL)

This account may be used in budget preparation if the law requires or permits the accumulation of moneys for future use. In Category 2 local governments 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 (Summary Account)

This 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. This class does not include administrative services provided by a specific department in support of services properly includable in another major class.

(511) LEGISLATIVE (Summary Account)

Cost of providing representation of the citizenry in the governing body.

511.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

511.20 **ADVISORY SERVICES** (Committees and Special Bodies)

511.30 **OFFICIAL PUBLICATION SERVICES** (Resolutions, Ordinances and Proceedings)

511.40 **TRAINING**

511.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays and 591-592 for capital lease payments.

511.60 **LEGISLATIVE SERVICES** (Commission or Council)

511.70 **ELECTION COSTS.** Salaries, benefits, supplies, services, and other charges directly related to elections (RCW 29.13.045 and .047). For details see Part 3, Chapter 12, Interpretation 8.

511.80 **VOTER REGISTRATION COSTS.** For details see Part 3, Chapter 12, Interpretation 8.

(512) **JUDICIAL** (Summary Account)

Cost of providing a court system for civil, criminal and juvenile cases. Include in each category where appropriate such court costs as public defender assigned counsel, indigent defense, jury fees and expert witness fees.

(512.20) **SUPERIOR COURT SYSTEM** (Summary Account)

512.21 **SUPERIOR COURT**
512.22 **FAMILY COURT FEES AND CHARGES** (Chapter 26.12 RCW)

512.30 **COUNTY CLERK**

512.40 **DISTRICT COURT**

512.50 **MUNICIPAL COURT**

512.60 **TRAFFIC VIOLATIONS BUREAU**

512.70 **LAW LIBRARY**

(513) **EXECUTIVE** (Summary Account)

Cost of providing management and administration of the affairs of the government entity including coordination, guidance and support for the development of effective programs and the planning, evaluation, analysis, control, and general management of programs. Example: Chief Administrative Officer and his assistants. See 557.20 for citizens' complaints (ombudsman).

513.10 **ADMINISTRATION.** Include all services rendered by the executive officer.

513.20 **ADVISORY SERVICES.** General boards and commissions; boards formed for a narrow purpose should be coded functionally, such as Board of Equalization to 514.24, Boundary Review Boards and Zoning Commissions to 558.60.

513.40 **TRAINING**

513.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(514) **FINANCIAL AND RECORDS SERVICES** (Summary Account)

Cost of providing financial, record keeping and other related services.

514.10 **ADMINISTRATION.** Activities of a general nature, not associated directly with a specific service function. Include such positions as county auditor and city finance director.

(514.20) **FINANCIAL SERVICES** (Summary Account)

514.22 **FIDUCIARY SERVICES** (Treasurers)
514.23 **BUDGETING, ACCOUNTING, AUDITING** (State Auditors), **AND FINANCIAL CONSULTING SERVICES.** Include clerks and towns' clerk-treasurers.
514.24 **TAX ASSESSMENT AND EVALUATION SERVICES** (Assessor and Board of Equalization)

514.30 **RECORDS SERVICES.** (Clerks) Include recording of: deeds, commission meetings, council proceedings, ordinances, resolutions, certifying records.

514.40 **TRAINING**

514.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

514.60 **GRANT ADMINISTRATION**

(514.70) **RISK MANAGEMENT** (Summary Account)

Use this account for the costs of administering a liability insurance program, including any management costs of self-insurance. (Use the 517 series of accounts for employee-related insurance.)

The costs of claims and premiums are charged to the appropriate functional Basub and subobject 46. For payments by operating departments to a self-insurance fund, use the appropriate functional Basub and subobject 96.

514.71 **ADMINISTRATION**
514.75 **MAINTENANCE**
514.76 **RISK TRANSFER PAYMENTS**
514.77 **CLAIMS PROCESSING**
514.78 **PAYMENTS TO CLAIMANTS AND BENEFICIARIES.** Amounts paid for claims determined by legal judgment or mutual consent.
514.79 **OTHER OPERATING EXPENDITURES**

514.80 **OTHER ADMINISTRATIVE SERVICES**

514.81 **LICENSING.** Issuance of licenses, permits, certificates, etc. (E.g., marriage, business, non-business, animal, motor vehicles, open space, etc.)

(515) **LEGAL** (Summary Account)

Cost of providing legal services for the benefit of the government.

515.10 **ADMINISTRATION.** Activities of a general nature, not associated directly with a specific service function.

(515.20) **LEGAL SERVICES** (Summary Account)

515.21 **CRIMINAL**
515.22 **CIVIL**
515.23 **TRAFFIC**

515.40 **TRAINING**

515.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

515.60 **CONSUMER AFFAIRS**

515.70 **CRIME VICTIM AND WITNESS PROGRAM.** Payments to the victims and witnesses under RCW 7.68.035. See 512 for other witness fees. This account should be used by counties only. Cities making payments to the counties should use 586.

515.80 **CHILD SUPPORT ENFORCEMENT**

(516) **PERSONNEL** (Summary Account)

Cost of providing general supervision of personnel and related services for the entire governmental entity including the classification of positions, recruiting, placement, service ratings, attendance, job specifications, and other civil service related activities. Cost of special civil service boards for policemen, firemen, and sheriff's deputies should be accounted for at 521.10, 522.10, or 523.10.

516.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

516.20 **PERSONNEL SERVICES**

516.40 **TRAINING**

516.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(516.70) **EQUAL OPPORTUNITY/AFFIRMATIVE ACTION** (Summary Account)

516.71 **ADMINISTRATION.** Includes commission services, program development, legal services, and administration.
516.72 **AFFIRMATIVE ACTION**
516.73 **CONTRACT COMPLIANCE**
516.75 **EQUAL OPPORTUNITY ENFORCEMENT**

(517) EMPLOYEE BENEFIT PROGRAMS (Summary Account)

517.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

(517.20) PENSION SERVICES (Summary Account)

517.21 ADMINISTRATION
517.22 DISABILITY PAYMENTS. Special disability programs for policemen, firemen and sheriff's deputies should be accounted for at 521.10, 522.10 or 523.10.
517.28 ANNUITY BENEFIT PAYMENTS
517.29 REFUNDS TO TERMINATED EMPLOYEES

(517.30) HEALTH INSURANCE SERVICES (Summary Account)

517.31 ADMINISTRATION
517.36 RISK TRANSFER PAYMENTS
517.37 CLAIMS PROCESSING
517.38 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

517.40 TRAINING

517.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(517.60) WORKERS' COMPENSATION SERVICES (Summary Account)

Costs of special disability programs for policemen, firemen and sheriff's deputies should be accounted for at 521.10, 522.10, or 523.10.

517.61 ADMINISTRATION
517.62 SAFETY PROGRAM/TRAINING
517.66 RISK TRANSFER PAYMENTS
517.67 CLAIMS PROCESSING
517.68 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

(517.70) UNEMPLOYMENT COMPENSATION SERVICES (Summary Account)

517.71 ADMINISTRATION
517.76 RISK TRANSFER PAYMENTS
517.78 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

517.80 DEFERRED COMPENSATION SERVICES

517.90 OTHER EMPLOYEE BENEFIT PROGRAMS

(518) **CENTRAL SERVICES** (Summary Account)

518.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

518.20 **PROPERTY MANAGEMENT SERVICES.** Costs of managing the government's own investment in property and facilities. Include the costs of managing trust properties, surplus properties, and property held for future use. Include the costs incurred in planning for facilities of the government, except for utilities and other public works, which include these costs within their respective Basubs. Use 594-595 for capital outlays.

518.30 **CUSTODIAL/JANITORIAL/SECURITY SERVICES.** Costs of cleaning, maintaining, and protecting the facilities of the government.

518.40 **PURCHASING SERVICES**

(518.60) **WORD PROCESSING SERVICES** (Summary Account)

518.65 **MAINTENANCE**
518.66 **OPERATIONS-CONTRACTED**
518.67 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
518.68 **OPERATIONS-GENERAL**
518.69 **OTHER OPERATING EXPENDITURES**

(518.70) **PRINTING AND DUPLICATION SERVICES** (Summary Account)

Include copy centers, print shops and binderies.

518.75 **MAINTENANCE**
518.76 **OPERATIONS-CONTRACTED**
518.77 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
518.78 **OPERATIONS-GENERAL.** May use this element for cost of goods manufactured. Code cost of paper to subobject 34.
518.79 **OTHER OPERATING EXPENDITURES.** May use for cost of goods sold.

(518.80) **DATA PROCESSING** (Summary Account)

518.81 **ADMINISTRATION**
518.85 **MAINTENANCE**
518.86 **OPERATIONS-CONTRACTED.** Include costs of software development.
518.87 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
518.88 **OPERATIONS-GENERAL**
518.89 **OTHER OPERATING EXPENDITURES**

518.90 **OTHER SERVICES.** See 519 for fabrication shops and central stores; see 528 for central communications; see 548 for transportation and public works related services.

(519) **OTHER GENERAL GOVERNMENT SERVICES** (Summary Account)

(519.10) **FOOD SERVICES** (Summary Account)

519.11 **ADMINISTRATION**
519.15 **MAINTENANCE**
519.16 **OPERATIONS-CONTRACTED**
519.18 **OPERATIONS-GENERAL.** Code cost of food to subobject 34.
519.19 **OTHER OPERATING EXPENDITURES**

(519.30) **FABRICATION SHOPS** (Summary Account)

519.31 **ADMINISTRATION**
519.35 **MAINTENANCE**
519.36 **OPERATIONS-CONTRACTED**
519.37 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
519.38 **OPERATIONS-GENERAL.** May use this subelement for cost of goods manufactured. Code cost of materials to subobject 34.
519.39 **OTHER OPERATING EXPENDITURES.** May use this subelement for cost of goods sold.

519.40 **OTHER MANUFACTURING.** See 518.70 for printing and 548 for pits, quarries, and asphalt plants.

(519.50) **CENTRAL STORES** (Summary Account)

See 548 for road materials, vehicle parts, and fuel depots.

519.51 **ADMINISTRATION**
519.55 **MAINTENANCE**
519.56 **OPERATIONS-CONTRACTED**
519.57 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
519.58 **OPERATIONS-GENERAL.** Code cost of merchandise purchased to subobject 34.
519.59 **OTHER OPERATING EXPENDITURES.** May use this subelement for cost of goods sold.

519.60 **OTHER MERCHANDISING SERVICES**

519.70 **OTHER JOBBING AND CONTRACT WORK**

519.90 **MISCELLANEOUS.** Include general governmental expenditures not provided for elsewhere. (E.g., dues to municipal organizations, Association of Washington Cities, Washington State Association of Counties, Washington Association of County Officials, etc.)

Use the other specified Basub accounts in coding dues and costs relevant to professional organizations such as:

513	City Manager's Association
514	Government Finance Officers' Association
514	Washington Finance Officers' Association
521	Sheriffs' and Police Chiefs' Association
522	Firemen's Association, or similar association dues legally authorized
532 or 543	American Public Works Association

(520) SECURITY OF PERSONS AND PROPERTY (Summary Account)

(521) LAW ENFORCEMENT (Summary Account)

Those activities normally related to police services and the support of police services.

521.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function. Include cost of civil service and disabilities programs. Also include the fee paid to the state treasurer for short firearms neither auctioned nor traded (RCW 9.41.098).

521.20 **POLICE OPERATIONS.** Police investigations and patrol of land, sea, and air (traffic is included under 521.70).

521.21 **INVESTIGATION.** Activities related to criminal activity, detection and arrest of criminal offenders, obtaining evidence for prosecution of criminal cases, filing of cases, return of fugitive felons from other jurisdictions, testimony in court cases, recovery of lost and stolen property, missing persons, etc. For details see Part 3, Chapter 12, Interpretation 7.

521.22 **PATROL.** Activities related to uniformed police assigned to districts and such related activities as arrest, security checking of premises, and general safety and security of the assigned district.

521.23 **SPECIAL UNITS**

521.24 **LABORATORY**

521.25 **ENFORCEMENT OF GAMBLING ACT** (RCW 9.46.113)

521.30 **CRIME PREVENTION.** Those activities related to the prevention of crime including but not limited to education, safety, community relations and public relations. Include traffic safety school, DARE, GREAT, etc.

521.40 **TRAINING**

521.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

521.70 **TRAFFIC POLICING.** Enforcement of traffic laws, radar unit operation, investigation of traffic accidents, checking parking meter violations, issuing tickets for such violations, traffic patrolling streets and issuing tickets for moving violations.

521.90 **OTHER SERVICES.** Any service not otherwise defined under account 521. See 528 for communications.

521.91 **PROPERTY ROOM**

521.92 **PROTECTION SERVICES.** Include services related to protection of victims of domestic violence (shelters, etc.)

(522) **FIRE CONTROL** (Summary Account)

General fire fighting and prevention services.

522.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function. Include costs of civil service and disability programs.

522.20 **FIRE SUPPRESSION.** Functions and/or activities dedicated to putting fires out. It includes but is not limited to prefire planning, fire fighting, and company inspections.

522.30 **FIRE PREVENTION AND INVESTIGATION.** Functions and/or activities designed to prevent the occurrence of fires. Investigation is of a preventative nature even if after-the-fact, in that it gathers data used to prevent further occurrences. It includes but is not limited to public education, code enforcement, and investigation.

522.40 **TRAINING**

522.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

522.60 **OTHER SERVICES.** Any service not otherwise defined in account 522. See account 528 for communications.

(523) **DETENTION AND/OR CORRECTION** (Summary Account)

Include confinement of prisoners (sentenced or otherwise), probation, parole and rehabilitation. This Basub account has been established recognizing that correction and detention are not the same but that the costs are not easily separated into two accounts.

523.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function. (E.g., fiscal, supervisory personnel, etc.) Include cost of civil service and disability programs.

523.20 **MONITORING OF PRISONERS.** (E.g., electronic monitoring, work release or day reporting programs, etc.)

523.30 **PROBATION AND PAROLE SERVICES**

523.32 **MISDEMEANANT SUPERVISION.** Include cost of supervision of superior court misdemeanant offenders placed on probation under RCW 9.92.060 or 9.95.210. (RCW 36.01.070)

523.40 **TRAINING**

523.50 **FACILITIES.** Rent, repair, operation and maintenance of jail buildings, equipment and land. Use 594-595 for capital outlays.

523.60 **CARE AND CUSTODY OF PRISONERS.** (E.g., guards, medical, social services for prisoners, concession costs of items purchased for resale to inmates - see 341.70 for sales revenues.)

523.90 **OTHER.** (E.g., jail kitchen, etc.)

(524) **PROTECTIVE INSPECTIONS** (Summary Account)

Inspections and enforcement of regulations relevant to the issuance of license, permit or certificate not specifically coded to any other expenditure account, such as Law Enforcement, Fire Control, Health, etc.

524.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

524.20 **INSPECTIONS, PERMITS, CERTIFICATES AND LICENSES**

524.40 **TRAINING**

524.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

524.60 **REGULATIONS, STANDARDS AND ENFORCEMENT.** Include cable TV regulation.

(525) **EMERGENCY SERVICES** (Summary Account)

Activities related to the preparation for, response to, and recovery from disasters.

525.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

525.20 **SEARCH AND RESCUE/DISASTER RESPONSE**

525.30 **DISASTER RECOVERY**

525.40 **TRAINING**

525.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

525.60 **EMERGENCY PREPAREDNESS**

(526) **AMBULANCE, RESCUE, AND EMERGENCY AID** (Summary Account)

Rescue and emergency aid and/or ambulance service for sick and injured.

526.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

526.20 **AMBULANCE SERVICES.** Transportation of the sick and injured.

526.40 **TRAINING**

526.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

526.60 **OPERATIONS-CONTRACTED SERVICES**

526.70 **OPERATIONS-CUSTOMER BILLINGS**

526.80 **RESCUE AND EMERGENCY AID.** Deliver the trapped and stranded to safety and administer emergency medical aid to the injured and sick.

526.90 **OTHER OPERATING EXPENDITURES**

(527) **JUVENILE SERVICES** (Summary Account)

Services provided to juveniles in custody. Use 521.30 for prevention programs.

527.10 **ADMINISTRATION.** Planning, organizing, coordinating, budgeting, and managing an organization.

527.20 **INTAKE.** Include the evaluation of youth presented for detention and the evaluation or referrals of youth who remain in the community.

527.30 **INVESTIGATIONS/DIAGNOSIS.** Include the activities necessary for legal investigations as well as social and medical diagnostic evaluations.

527.40 **CASE SUPERVISION.** Include all of the juvenile program services provided to youth in the community or the detention facility.

527.50 **TRANSPORTATION.** Includes all staff travel and costs related to transporting of clients and, where necessary, members of their family and/or volunteers to and from places in which they are receiving services.

527.60 **RESIDENTIAL CARE AND CUSTODY.** Activities associated with operation, service or support of facilities which provide open, protective, and/or secure care.

527.70 **MEDICAL/DENTAL TREATMENT.** Medical and dental treatment provided to youth in the community or in detention.

527.80 **JUVENILE FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and improvements such as parking lots, fences, walks, driveways, roadways, landscaping, etc., with assigned staff or contractual services. Use 594-595 for capital outlays. Use 527.60 for detention facility costs.

527.90 **TRAINING**

(528) **COMMUNICATIONS, ALARMS AND DISPATCH** (Summary Account)

Include both routine business and emergency matters whether for a single department or centralized. (E.g., alarm systems, radio, telephone, teletype, closed circuit TV, alerting systems, intercommunication systems, recording systems and computer systems when used in a communications mode.) For the Enhanced 911 use 528.70.

528.10 **ADMINISTRATION**

528.20 **PLANNING**

528.40 **TRAINING**

528.50 **MAINTENANCE OF FACILITIES.** Use 594-595 for capital outlays.

528.60 **OPERATIONS-CONTRACTED SERVICES**

528.70 **ENHANCED 911.** Include operating expenditures related to the Enhanced 911 (E911) System. For training related to the E911 use 528.40.

528.80 **OPERATIONS-GENERAL**

528.90 **OTHER OPERATING EXPENDITURES**

(530) UTILITIES AND ENVIRONMENT (Summary Account)

(531) NATURAL RESOURCES (Summary Account)

(531.10) SOIL AND WATER CONSERVATION (Summary Account)

531.11 ADMINISTRATION
531.15 MAINTENANCE
531.16 CONTRACTED PROCESSING AND OPERATIONS
531.17 CUSTOMER SERVICES AND MARKETING
531.18 GENERAL OPERATIONS
531.19 OTHER

531.20 IRRIGATION

531.30 FLOOD CONTROL

531.40 DIKING

531.50 DRAINAGE

531.60 WEED CONTROL

531.70 POLLUTION CONTROL

531.80 ENERGY CONSERVATION

531.90 OTHER ENVIRONMENTAL PRESERVATION

(532) FACILITY ENGINEERING (Summary Account)

Engineering and architectural services necessary for the development and improvement of facilities.

532.10 ADMINISTRATION

532.20 ENGINEERING PLANS AND SERVICES

532.30 ENGINEERING STUDIES AND SURVEYS

532.40 TRAINING

532.50 FACILITIES. Use 594-595 for capital outlays.

(533) **ELECTRIC AND GAS UTILITIES** (Summary Account)

533.10 **ADMINISTRATION-GENERAL.** Code property, excise and B&O taxes to subobjects 53-54.

533.20 **ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT**

533.40 **TRAINING**

533.50 **MAINTENANCE.** Use 594-595 for capital outlays.

533.60 **OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS**

533.70 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**

533.80 **OPERATIONS-GENERAL.** Code fuel costs to subobject 32 and power/gas purchased for resale to subobject 33.

533.90 **OTHER OPERATING EXPENDITURES**

(534) **WATER UTILITIES** (Summary Account)

534.10 **ADMINISTRATION-GENERAL.** Code property, excise and B&O taxes to subobjects 53-54.

534.20 **ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT**

533.40 **TRAINING**

534.50 **MAINTENANCE.** Use 594-595 for capital outlays.

534.60 **OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS**

534.70 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**

534.80 **OPERATIONS-GENERAL.** Code fuel costs to subobject 32 and water purchased for resale to subobject 33.

534.90 **OTHER OPERATING EXPENDITURES**

(535) **SEWER UTILITIES** (Summary Account)

535.10 **ADMINISTRATION-GENERAL.** Code property, excise and B&O taxes to subobjects 53-54.

535.20 **ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT**

533.40 **TRAINING**

535.50 **MAINTENANCE.** Use 594-595 for capital outlays.

535.60 **OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS**

535.70 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**

535.80 **OPERATIONS-GENERAL.** Code fuel costs to subobject 32.

535.90 **OTHER OPERATING EXPENDITURES**

(536) **CEMETERY** (Summary Account)

Include the costs of meeting zoning and environmental standards as well as maintenance and operation of the premises.

536.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

536.20 **CEMETERY SERVICES**

536.40 **TRAINING**

536.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(537) **GARBAGE AND SOLID WASTE UTILITIES** (Summary Account)

537.10 **ADMINISTRATION-GENERAL.** Code property, excise and B&O taxes to subobjects 53-54.

537.20 **ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT**

537.30 **LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

537.40 **TRAINING**

537.50 **MAINTENANCE.** Use 594-595 for capital outlays.

537.60 **OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS**

537.70 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**

537.80 **OPERATIONS-GENERAL.** Code fuel costs to subobject 32.

537.90 **OTHER OPERATING EXPENDITURES**

(538) **OTHER UTILITIES AND BUSINESS-TYPE ACTIVITIES** (Summary Account)

Other utilities (not listed below) may be coded using an unassigned element (4th) digit (i.e., 538.60, .70, etc.). See note below for subelement coding within the following accounts.

(538.10) **COMBINED WATER/SEWER/GARBAGE** (Summary Account)

Use this account only if the expenditures are not separable for any combination of utilities (i.e., water/sewer, water/garbage, sewer/garbage, etc.).

(538.20) **NATURAL GAS** (Summary Account)

(538.30) **DRAINAGE** (Summary Account)

(538.40) **CABLE** (Summary Account)

(538.90) **OTHER** (Summary Account)

Cost incurred for other activities not defined in other accounts (e.g., space rental/lease operations, etc.)

Note: Use the following categories of expenditures for each type of utility listed above:

538.X1	Administrative - General
538.X2	Administrative - Planning, Conservation, Research And Development
538.X4	Training
538.X5	Maintenance
538.X6	Operation - Contracted Processing And Operations
538.X7	Operation - Customer Service And Marketing
538.X8	Operation - General
538.X9	Other Operating Expenditures

(539) **OTHER ENVIRONMENTAL SERVICES** (Summary Account)

539.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

539.20 **NUISANCE CONTROL SERVICES.** The control of mosquitoes, rodents, etc. See 531.60 for weed control and 542.70 for roadside vegetation.

539.30 **ANIMAL CONTROL.** Control and welfare of animals including collection, detention, and disposition of both living and dead animals.

539.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

539.90 **OTHER.** Include Environmental Impact Statement (EIS) costs to the extent they can be separately identified.

(540) TRANSPORTATION (Summary Account)

This is a major class of services provided by the local government for the safe and adequate flow of vehicles and pedestrians.

(541) ROAD AND STREET PRESERVATION (Summary Account)

For purposes of accounting and reporting under BARS, the costs of performing those specialized maintenance activities that serve to extend the originally estimated life of each type of roadway, roadway structure, and facility but do not increase its traffic flow capacity or efficiency. This account should not include maintenance or construction.

541.10 **ENGINEERING.** The costs of engineering associated directly with a preservation project.

541.30 **ROADWAY.** The costs of preserving the roadway prism.

541.40 **DRAINAGE.** The costs of preserving drainage systems from the point of interception within the right-of-way to the point of outfall.

541.50 **STRUCTURES.** The costs of preservation activities on bridges (structures 20 feet and over), tunnels, sea walls, irrigation canal crossings, livestock crossings, and other structures, including the operation of air pollution control devices in tunnels and traffic control during preservation activities.

541.60 **TRAFFIC AND PEDESTRIAN SERVICES.** The costs of preservation of roadway facilities and services. NOTE: For traffic policing expenditures use account 521.70.

541.61 **SIDEWALKS**
541.62 **SPECIAL PURPOSE PATHS.** For details see Part 3, Chapter 12, Interpretation 9.
541.63 **PARKING FACILITIES.** The costs of preservation activities related to parking facilities.

541.90 **PRESERVATION ADMINISTRATION AND OVERHEAD.** Supervisory operations. Also includes general services that can be directly associated with the preservation functions of the department.

(542) ROAD AND STREET MAINTENANCE (Summary Account)

For purposes of accounting and reporting under BARS, the costs of performing those activities that ensure that the right-of-way and each type of roadway, roadway structure and facilities remain, as nearly as practical, in its original, as-constructed condition or its subsequently improved condition, and the operation of roadway facilities and services to provide satisfactory and safe motor vehicle transportation. This account should not include preservation or construction.

542.10 **ENGINEERING.** The costs of engineering associated directly with a maintenance project.

542.30 **ROADWAY.** The costs of maintaining the roadway prism.

542.40 **DRAINAGE.** The costs of maintenance and repair of drainage systems from the point of interception within the right-of-way to the point of outfall.

542.50 **STRUCTURES.** The costs of maintenance on bridges (structures 20 feet and over), tunnels, sea walls, irrigation canal crossings and livestock crossings and other structures, including the operation of air pollution control devices in tunnels and traffic control during maintenance operations.

542.60 **TRAFFIC AND PEDESTRIAN SERVICES.** The costs of operation and maintenance of roadway facility and services. Note: For traffic policing expenditures use account 521.70.

542.61 **SIDEWALKS**

542.62 **SPECIAL PURPOSE PATHS.** For details see Part 3, Chapter 12, Interpretation 9.

542.63 **STREET LIGHTING.** The costs of operating, painting, replacing and repairing of road/street lighting systems. Does not include the lighting of parks or other ornamental lighting.

542.64 **TRAFFIC CONTROL DEVICES.** The costs of painting, repairing and replacing guardrails, signs, pavement markings and pavement stripes; operating, painting, replacing and repairing traffic signals and control systems; supervising, operating, maintaining and repairing weighing stations; and maintaining, repairing and replacing right-of-way fences when the damages result from public use of the roadway, or when maintenance is the responsibility of the department by agreement.

542.65 **PARKING FACILITIES.** The costs of operating, maintaining and repairing parking facilities and parking meters.

542.66 **SNOW AND ICE CONTROL.** The costs of all operations to reduce traffic hazards resulting from snow and ice.

542.67 **STREET CLEANING.** The costs of cleaning the road/street surface by flushing, washing or sweeping by machine or by hand, and the collection and disposal of sweepings, leaves, rocks and storm debris, except that associated with snow and ice control.

542.70 **ROADSIDE.** The costs of maintaining that portion of the right-of-way beyond the outside edge of the shoulder or the outside edge of the curb when no shoulder exists, including medians. Also include temporary signs and traffic control during maintenance operations.

542.80 **ANCILLARY OPERATIONS.** The costs of maintenance and operations that are not normally associated with the street or road department function but are performed by street or road departments in some localities because of unique geographical or organizational situations.

542.90 **MAINTENANCE ADMINISTRATION AND OVERHEAD.** Supervisory operations. Also includes general services that can be directly associated with the maintenance function of the department.

(543) ROAD AND STREET ADMINISTRATION AND OVERHEAD (Summary Account)

Work and materials of a road or street department that are concerned with the overall executive direction. These are activities of a general nature and not associated directly with a specific construction project, maintenance or preservation activity, or other function separately recognized or financed.

543.10 **MANAGEMENT.** The costs of the department's executive body and employees engaged in a general administrative, guidance or supervisory capacity.

543.30 **GENERAL SERVICES.** The costs of services such as accounting, mailing, communications, public relations, insurance and other general activities.

543.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings and equipment used as shops or storage associated with road and street activities. This does not include rent or maintenance and operations costs paid by the rental and revolving fund.

543.60 **TRAINING**

543.70 **MISCELLANEOUS**

(544) ROAD AND STREET OPERATIONS (Summary Account)

Work and materials or a road or street department that are necessary to fulfill a legal requirement and/or to ensure the proper functioning of the department, but are not associated directly with a specific construction project, maintenance or preservation activity, or other function separately recognized or financed.

544.20 **ENGINEERING.** The costs of engineering not specifically associated with a project, operation or control section. Includes preliminary engineering for projects that were never advanced beyond the planning stage as well as such activities as issuance of right-of-way permits, land development application review, and maintenance of pavement management systems.

544.40 **PLANNING.** The costs of the work involved in the orderly and continuing assembly and analysis of information about roads/streets, including the history of their development, extent, dimensions and conditions; economic, environmental and social effects; and future needs. Includes such activities as general, non-project related transportation planning, maintenance of required inventories, and maintenance of countywide mapping.

544.70 **MISCELLANEOUS**

544.90 **OPERATIONS ADMINISTRATION AND OVERHEAD.** Supervisory operations. Also includes general services that can be directly associated with the operations function of the department.

(545) ROAD AND STREET EXTRAORDINARY OPERATIONS (Summary Account)

The costs of repair and reconstruction necessitated by an unanticipated occurrence. Use same element and subelement accounts that are shown in construction (595), preservation (541) and maintenance (542).

(546) AIRPORTS, PORT AND TERMINAL FACILITIES (Summary Account)

546.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

546.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

546.50 MAINTENANCE. Use 594-595 for capital outlays.

546.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

546.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

546.80 OPERATIONS-GENERAL. Code power/water/gas purchased for resale to subobject 33.

546.90 OTHER OPERATING EXPENDITURES

(547) TRANSIT SYSTEMS AND RAILROADS (Summary Account)

547.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

547.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

547.50 MAINTENANCE. Use 594-595 for capital outlays.

547.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

547.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

547.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32 and power/water/gas purchased for resale to subobject 33.

547.90 OTHER OPERATING EXPENDITURES

(548) **MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT** (Summary Account)

Subelement coding distinguishes operating expenditures in internal service funds.

548.10 **ADMINISTRATION**

(548.20) **PITS, QUARRIES AND ASPHALT PLANTS** (Summary Account)

548.25 **MAINTENANCE OF FACILITIES.** Use 594-595 for capital outlays.
548.26 **OPERATIONS-CONTRACTED PROCESSING**
548.27 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
548.28 **OPERATIONS-GENERAL.** May use this element for cost of goods manufactured.
548.29 **OTHER OPERATING EXPENDITURES.** May use this element for cost of goods sold.

(548.30) **MECHANICAL SHOPS** (Summary Account)

548.35 **MAINTENANCE OF FACILITIES.** Use 594-595 for capital outlays.
548.36 **OPERATIONS-CONTRACTED REPAIRS AND PROCESSING**
548.37 **OPERATIONS-CUSTOMER BILLING, ETC.**
548.38 **OPERATIONS-GENERAL.** Code repair parts to subobject 34
548.39 **OTHER OPERATING EXPENDITURES**

(548.40) **PARTS STORES** (Summary Account)

548.45 **MAINTENANCE OF FACILITIES.** Use 594-595 for capital outlays.
548.47 **OPERATIONS-CUSTOMER BILLING, ETC.**
548.48 **OPERATIONS-GENERAL.** Code merchandise purchased to subobject 34.
548.49 **OTHER OPERATING EXPENDITURES.** May use this element for cost of goods sold.

(548.50) **FUEL DEPOTS** (Summary Account)

548.55 **MAINTENANCE OF FACILITIES.** Use 594-595 for capital outlays.
548.56 **OPERATIONS-CONTRACTED SERVICES**
548.57 **OPERATIONS-CUSTOMER SERVICES AND MARKETING**
548.58 **OPERATIONS-GENERAL.** Code fuel purchases to subobject 32.
548.59 **OTHER OPERATING EXPENDITURES.** May use this element for cost of goods sold.

(548.60) EQUIPMENT RENTAL SERVICES (Summary Account)

All equipment rentals may be included in this account or motor pool rentals may be accounted for separately in 548.70. The use of the separate elements does not require separate legal funds.

548.65 MAINTENANCE OF FACILITIES AND EQUIPMENT. Use 594-595 for capital outlays.
548.66 OPERATIONS-CONTRACTED SERVICES
548.67 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.68 OPERATIONS-GENERAL
548.69 OTHER OPERATING EXPENDITURES

(548.70) MOTOR POOL SERVICES (Summary Account)

548.75 MAINTENANCE OF FACILITIES AND EQUIPMENT. Use 594-595 for capital outlays.
548.76 OPERATIONS-CONTRACTED SERVICES
548.77 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.78 OPERATIONS-GENERAL
548.79 OTHER OPERATING EXPENDITURES

548.90 OTHER SERVICES

(550) ECONOMIC ENVIRONMENT (Summary Account)

This is a major class of services provided for the development and improvement in the welfare of the community and an individual.

(551) WELFARE (Summary Account)

Economic assistance to the needy.

551.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

551.20 **WELFARE SERVICES.** Include *Welfare to Work* program payments.

551.30 **INDIGENT BURIAL.** Includes cost of disposition of unclaimed indigent remains.

551.40 **TRAINING**

551.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(552) EMPLOYMENT OPPORTUNITY AND DEVELOPMENT (Summary Account)

Prepares an individual for employment and assists participation in the labor market. Preparation includes skill training, basic education and work orientation. Actions which influence the labor market consist of job placement, coordination with employers to provide employment, counseling of individuals, and equal employment opportunity.

552.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

552.20 **EQUAL EMPLOYMENT.** Activities to assist employers to develop and implement non-discriminatory employment and promotion policies and practices. See 516.70 for other equal opportunity and affirmative action activities.

552.30 **MANPOWER TRAINING.** Activities designed to provide individuals the skills necessary to participate successfully in the labor market, including adult basic education, classroom training in specific job skills, on the job training, vocational orientation training and work experience.

552.40 **TRAINING**

552.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

552.60 **OTHER SERVICES.** Consists of counseling, testing, interviewing, job placement, job finding and other functions that complement Manpower Training and Equal Employment. It includes the staff costs necessary to provide Participant Payments.

552.70 **PARTICIPANT PAYMENTS (DIRECT).** Consists of direct payments from a sub-grantee to or on behalf of individuals involved in or awaiting training or employment. The payments include wages and benefits.

552.80 **PARTICIPANT ALLOWANCES (INDIRECT).** Stipends paid weekly to participants. This allowance usually is a supplement to participant payments, but in some cases it may be the only amount a participant receives under a program. In the case of a manpower consortium with a number of program subgrantees, a nonprogram subgrantee pays the allowances to eligible participants in all subgrant programs; the nonprogram subgrantee is then reimbursed by the consortium.

552.90 **PARTICIPANT SUPPORT (INDIRECT).** Transportation, child care, medical assistance and similar supplemental support. Paid to participants as needed. A sub-grant agency pays the participants and then bills the consortium or other grant agency.

(553) **VETERANS SERVICES** (Summary Account)

Services including counseling and assistance and relief with respect to educational and financial benefits, housing and employment opportunities.

553.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

553.40 **TRAINING**

553.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

553.60 **SOLDIERS AND SAILORS RELIEF**

553.70 **VETERANS COUNSELING AND OTHER BENEFITS**

554.00 **CHILD CARE SERVICES**

Coordinates state and local government child care services through contracts with licensed day care providers. Coordinates other governmental agencies which provide clinical health, educational, and family counseling services.

(555)[1] **AGING** (Summary Account)

Services to improve the quality of living for elderly persons.

(556) **SERVICES FOR DISABLED** (Summary Account)

556.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

556.20 **TRANSPORTATION.** (E.g., subsidies paid to operators of transit and taxi services, etc.)

556.30 **RECREATION SERVICES**

556.80 **HOUSING SERVICES.** House repair for the disabled.

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[1] The local departments or agencies performing these services should use the Element/Subelement coding in the appropriate BARS supplement available from the State Auditor's Office or the state agency responsible for the program.

(557) **COMMUNITY SERVICES** (Summary Account)

Facilitates community and neighborhood access to a broad range of governmental programs by providing information and service through a combined program.

557.10 **COUNSELING SERVICES**

557.20 **INFORMATION SERVICES.** Include such activities as supplying information and referral services or serving as a communication channel between other governmental organizations and the community. Include citizen complaint handling (ombudsman).

557.30 **TOURISM**

(558) **PLANNING AND COMMUNITY DEVELOPMENT** (Summary Account)

Master planning and comprehensive community planning and development. Use 518.20 for expenditures incurred in planning for capital assets of the government, such as buildings and parks.

558.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

558.20 **COMPREHENSIVE PLANNING**

558.40 **TRAINING**

558.60 **PLANNING.** (E.g., zoning regulations and land use administration, etc.)

558.70 **RESEARCH.** (E.g., feasibility studies, demographic studies and surveys, etc.)

558.80 **DEVELOPMENT.** (Urban and suburban development planning.) The physical implementation of this account is reflected in account 559, *Housing and Community Development*.

558.90 **OTHER**

(559) **HOUSING AND COMMUNITY DEVELOPMENT** (Summary Account)

Development and enforcement of building and occupancy standards and the upgrading of existing facilities. Development to meet the environmental need of the community, including slum clearance, community renewal, etc. (See account 558.)

559.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

559.20 **HOUSING AND COMMUNITY SERVICES**

559.30 **COMMUNITY DEVELOPMENT SERVICES**

559.40 **TRAINING**

559.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

559.60 **BUILDING PERMITS AND PLANS REVIEW IN BUILDING AND LAND DEVELOPMENT**

559.90 **OTHER**

(560) MENTAL AND PHYSICAL HEALTH (Summary Account)

A major class of services provided for the care, treatment, and control of mental and physical illnesses.

561.00 HOSPITALS AND CONVALESCENT CENTERS

(562)[1] **PUBLIC HEALTH** (Summary Account)

(563) CORONER (Summary Account)

563.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

563.20 **CORONER SERVICES**

563.30 **DEATH INVESTIGATIONS**

563.40 **TRAINING**

563.50 **FACILITIES.** Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

(564)[1] **MENTAL HEALTH** (Summary Account)

(566)[1] **SUBSTANCE ABUSE** (Summary Account)

(568)[1] **DEVELOPMENTAL DISABILITIES** (Summary Account)

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[1] The local departments or agencies performing these services should use the Element/Subelement coding in the appropriate BARS supplement available from the State Auditor's Office or the state agency responsible for the program.

(570) CULTURE AND RECREATION (Summary Account)

(571) EDUCATION (Summary Account)

Community education.

571.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

571.20 EDUCATION SERVICES

571.21 AGRICULTURE. Include all cooperative extension agents.
571.22 HOME ECONOMICS
571.23 YOUTH SERVICES. (E.g., 4-H, Boy Scouts, Campfire Girls, etc.)
571.25 HORTICULTURE
571.29 OTHER

571.40 TRAINING

571.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

571.90 OTHER

(572) LIBRARIES (Summary Account)

572.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

572.20 LIBRARY SERVICES

572.21 PUBLIC SERVICE
572.22 ORGANIZATION OF MATERIALS

572.40 TRAINING

572.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-595 for capital outlays.

572.90 OTHER

(573) **SPECTATOR AND COMMUNITY EVENTS** (Summary Account)

Use this account for activities intended to display arts, entertain, promote industry or recognize historic and festive occasions. These accounts are intended to reflect the costs incurred by a county or city in sponsoring those events which they have legal authority to sponsor. These accounts would also reflect the costs incurred by a county or city when they host events for private sponsors. Account for facilities in the account 575.

573.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

573.20 **ARTS AND SCIENCES**

573.30 **COMMERCIAL.** (E.g., auto, boat, home shows, etc.)

573.60 **SPORTS**

573.70 **FAIRS.** For details see Part 3, Chapter 12, Interpretation 1.

573.80 **CONVENTIONS**

573.90 **OTHER.** (E.g., dedicatory functions, circuses, historical celebrations, decorations for holiday or other festive occasions.)

(574) **PARTICIPANT RECREATION** (Summary Account)

Programs for leisure time activities, including organized sports, games, dances, arts and crafts, and lessons. Account for facilities in the account 575.

574.10 **ADMINISTRATION.** Overhead costs for participant recreational programs.

574.20 **RECREATION SERVICES.** Costs of personnel, supplies, rented facilities, etc., that are directly attributable to a participant program.

574.40 **TRAINING**

574.90 **OTHER**

(575) **CULTURAL AND RECREATIONAL FACILITIES** (Summary Account)

Include costs of maintenance and general operations of owned or leased facilities. Costs associated with specific events should be accounted for in 573. Use 594-595 for construction and equipment purchases. The subelement detail shown for stadiums and auditoriums, fairgrounds and convention centers, may be used for other facilities as well.

(575.20) **STADIUMS AND AUDITORIUMS** (Summary Account)

Include opera houses.

575.21 **ADMINISTRATION-GENERAL**
575.22 **ADMINISTRATION-PLANNING**
575.25 **MAINTENANCE**
575.26 **OPERATIONS-CONTRACTED**
575.27 **CUSTOMER SERVICES AND MARKETING**
575.28 **OPERATIONS-GENERAL**
575.29 **OTHER OPERATING EXPENDITURES**

575.30 **MUSEUMS AND ART GALLERIES**

(575.40) **FAIRGROUNDS AND CONVENTION CENTERS** (Summary Account)

575.41 **ADMINISTRATION-GENERAL**
575.42 **ADMINISTRATION-PLANNING**
575.45 **MAINTENANCE**
575.46 **OPERATIONS-CONTRACTED**
575.47 **CUSTOMER SERVICES AND MARKETING**
575.48 **OPERATIONS-GENERAL**
575.49 **OTHER OPERATING EXPENDITURES**

575.50 **MULTIPURPOSE AND COMMUNITY CENTERS.** If exclusively a senior center, use 555.

575.70 **MARINAS**

575.90 **OTHER**

(576) **PARK FACILITIES** (Summary Account)

Include costs of maintenance and general operations of owned or leased facilities. Costs associated with specific events or recreational programs should be accounted for in account 573 or 574. Use 594-595 for capital outlays. The subelement detail shown for golf courses may be used for other facilities as well.

576.10 **ADMINISTRATION.** Activities of general nature, not associated directly with a specific service function.

576.20 **SWIMMING POOLS**

576.30 **CAMPGROUNDS**

576.40 **BALL COURTS.** (E.g., tennis, racquetball, etc.)

(576.60) **GOLF COURSES** (Summary Account)

576.61 **ADMINISTRATION-GENERAL**
576.65 **MAINTENANCE**
576.66 **OPERATIONS-CONTRACTED**
576.67 **CUSTOMER SERVICES AND MARKETING**
576.68 **OPERATIONS-GENERAL**
576.69 **OTHER OPERATING EXPENDITURES**

576.80 **GENERAL PARKS.** (E.g., playgrounds, etc.)

576.90 **OTHER.** (E.g., zoos, public gardens, aquariums, etc.)

(580) NONEXPENDITURES (Summary Account)

Disbursements which do not meet the expenditures criteria.

(581) INTERFUND LOAN DISBURSEMENTS (Summary Account)

Include all interfund loans made to others and payments on those loans. Do not include interfund payments for services, materials or equipment properly included in other expenditure accounts. See the Glossary.

581.10 LOANS ISSUED TO OTHER FUNDS

581.20 LOAN REPAYMENT ISSUED

(582) REDEMPTION OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY (Summary Account)

Use this account for debt recorded in proprietary funds. Code by purpose in the element/subelement field (see the table of codes on the last page of this chapter) and by subobject to classify the type of debt being paid or expensed. For governmental funds use 591. For interest or coupon payments use 592.

584.00 PURCHASE OF INVESTMENTS. Amounts paid for investments. Do not include interest paid when investments are acquired between interest coupon dates. See account 361.90.

586.00 AGENCY TYPE DISBURSEMENTS. Cash disbursements from an agency fund. Examples:

- Sales and Leasehold Excise Taxes
- Forest Patrol
- State Share of Gun Permits
- Surety and Performance Deposits
- Court Remittances

Unless specifically prescribed by the BARS manual, element, subelement, object and subobject codes may be assigned locally.

588.00 OTHER DECREASES IN NET CASH AND INVESTMENTS

588.80 **PRIOR YEAR(S) CORRECTIONS.** This account should be used only for material errors in prior periods that would distort current operations. The corrections should be recorded as a direct adjustment to net cash and investments at the beginning of the fiscal year. This account should never be used for refunds which should be posted to the revenue account. The correction of minor errors should be posted to 519.90.

589.00 **OTHER NONEXPENDITURES.** Use this account for all other nonexpenditure transactions not includable in other specific 580 accounts. This account may also be used for refunds of revenues collected in error pending their posting to a revenue account. Examples:

- Disbursement of moneys out of a clearing fund (RCW 35.21.085) such as salary or claims.
- Disbursement of moneys out of a suspense fund.
- Disbursement of unidentified moneys pending identification and ultimate distribution.

Normally use 582, 591, 592 and 599 for the remittance of moneys to fiscal agents for the redemption of bond principal and payment of interest.

591-593 DEBT SERVICE

(591) REDEMPTION OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY (Summary Account)

Use this account only for long-term debt of the governmental funds. Code by purpose in the element/subelement field (see the table of codes on the last page of this chapter) and by subobject to classify the type of debt being paid. For proprietary funds use 582.

(592) INTEREST AND OTHER DEBT SERVICE COSTS (Summary Account)

Code by purpose in the element/subelement field (see the table of codes on the last page of this chapter) and by subobject to indictate the type of debt service cost being paid or expensed. Also include interest on interfund loans (for interfund principal payment use 581).

(593) ADVANCE REFUNDING ESCROW (Summary Account)

Include payments made to an escrow agent from sources other than refunding debt proceeds. Code by purpose in the element/subelement field (see the table of codes on the last page of this chapter).

594-595 OTHER EXPENDITURES/EXPENSES

(594) CAPITAL EXPENDITURES (Summary Account)

Use this account to record all capital outlays. (See 595 for roads/streets construction and other infrastructure expenditures.) Code by purpose in the element/subelement field (see the table on the last page of this chapter) and by subobject to classify the type of capital expenditures. When construction or capital improvements are made with a government's own labor and materials (force account), use the appropriate salary, benefit, and supply objects.

(595) **ROADS/STREETS CONSTRUCTION AND OTHER INFRASTRUCTURE** (Summary Account)

For purposes of accounting and reporting under BARS, the costs of performing those activities involved in the building of a new road facility or improvement of an existing facility to a higher geometric or structural standard, or undertaking activities that increase the traffic flow capacity or efficiency of an existing facility.

595.10 **ENGINEERING.** The costs of engineering associated directly with a construction project.

595.20 **RIGHT-OF-WAY.** The purchase of land or interest therein, including all work incidental to the acquisition of property rights for or devoted to a public road/street.

595.30 **ROADWAY.** The costs of all construction within the roadway prism, including all appertaining structures and other necessary features.

595.40 **DRAINAGE.** The costs of construction drainage systems. Include dikes and levees. Sanitary sewer systems are excluded.

595.50 **STRUCTURES.** The costs of constructing bridges over 20 feet in length or longer, tunnels, sea walls, coastal, riverine structures, irrigation canal crossings and livestock crossings that are necessary to provide protection or to provide a means for the roadway to pass over or through an obstacle within the right-of-way.

595.60 **TRAFFIC AND PEDESTRIAN SERVICES.** The costs of work on construction projects that relates to traffic and pedestrian service facility installations. For traffic policing use account 521.70.

595.61 **SIDEWALKS**

595.62 **SPECIAL PURPOSE PATHS.** (RCW 47.30.050). For details see Part 3, Chapter 12, Interpretation 9.

595.63 **STREET LIGHTING.** The costs of constructing street lighting systems for road/street functions. This does not include the lighting of parks or other ornamental lighting.

595.64 **TRAFFIC CONTROL DEVICES.** The costs of construction projects involving traffic control devices.

595.65 **PARKING FACILITIES.** The costs of construction public parking facilities, including the purchase and installation of parking meters.

595.70 **ROADSIDE DEVELOPMENT.** The costs of construction projects involving roadside development. This includes landscaping, beautification, sound barriers, and irrigation.

595.80 **ANCILLARY OPERATIONS.** The cost of construction that is not normally associated with the street or road department function but is performed by street or road departments in some localities because of unique geographical or organizational situations.

595.90 **CONSTRUCTION ADMINISTRATION AND OVERHEAD.** Supervisory operations. Also includes general services that can be directly associated with the construction function of the department.

597-599 OTHER FINANCING USES

597.00 **TRANSFERS - OUT.** Include financial outflows to other funds without equivalent flows of assets in return or without a requirement for repayment. The fund receiving the transfers in will use account code 397. See the Glossary for explanation and examples. Although not required, many local governments have found it useful to use the element/subelement field to code the expenditure Basub for which the subsidy is being paid. By using the same coding in account 397, balancing and reconciliation of transfers in and out is made much easier. The table of codes on the last page of this chapter should be used for this purpose.

Note: Counties should use account 521.70 for traffic policing.

(598) **INTERGOVERNMENTAL AGREEMENTS** (Summary Account)

This account is used to record local governments' disbursement of funds to other governments based on an intergovernmental agreements. For example, a county's disbursement of gas tax in exchange for an agreement with a city to forgo grant funding. Code by purpose in the element/subelement field (see the table on the last page of this chapter). Also use subobject 52 with this Basub. Intergovernmental services are coded to the applicable Basub and subobject 51.

(599) **PAYMENTS TO REFUNDED DEBT ESCROW AGENT** (Summary Account)

Payments to an escrow agent from refunding debt proceeds that are to be placed in irrevocable trust. Code by purpose in the element/subelement field (see the table on the last page of this chapter) and by subobject to classify the type of debt being paid.

CLASSIFICATION OF EXPENDITURES BY OBJECT

Definitions

00[1] RECLASSIFICATIONS AND COST ALLOCATIONS

Reallocated Costs
Other Cost Reclassifications

10[1] SALARIES AND WAGES

20[1] PERSONNEL BENEFITS

Pension and Disability Payments

30[1] SUPPLIES

Office and Operating Supplies
Fuel Consumed
Power/Water/Gas Purchased for Resale
Items Purchased for Inventory or Resale
Small Tools and Minor Equipment

40[1] OTHER SERVICES AND CHARGES

Professional Services
Communication
Travel
Advertising
Operating Rentals and Leases
Insurance
Utility Services
Repairs and Maintenance
Miscellaneous

50[1] INTERGOVERNMENTAL/INTERFUND SERVICES AND TAXES

Intergovernmental Professional Services
Intergovernmental Payments from Federal, State, or Local Funds
External Taxes and Operating Assessments
Interfund Taxes and Operating Assessments
Interfund Subsidies

60[1] CAPITAL OUTLAYS

Land
Buildings and Structures
Other Improvements
Machinery and Equipment
Construction of Capital Assets
Capitalized Rentals and Leases

---

[1] Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

70[1] DEBT SERVICE: PRINCIPAL

General Obligation Bonds
Revenue Bonds
Special Assessment Bonds
Revenue Warrants
Capital Leases and Installment Purchases
Anticipation Notes/Warrants
Other Notes
Intergovernmental Loans
Other Debt

80[1] DEBT SERVICE: INTEREST AND RELATED COSTS

Interest on Short-Term External Debt
Interest on Interfund Debt
Interest on Long-Term External Debt
Debt Issue Costs
Debt Registration Costs
Other Debt Service Costs

90[1] INTERFUND PAYMENTS FOR SERVICES

Professional Services
Communications
Supplies
Capital Outlays
Operating Rentals and Leases
Insurance Services
Repairs and Maintenance
Other Services and Charges

[1] Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT

Definitions

OBJECT. As used in expenditure classification, this term applies to the article purchased or the service obtained as distinguished from the results obtained from expenditures.

NOTE: When received a reimbursement or refund, reverse the original expenditure transaction using the same BARS account code (including the same object/suboject) like when the original transactions was posted. The same should be done for any reclassification or reallocation.

If the reimbursement applies to expenditures from the previous period(s) and reversing of transaction(s) is not possible, post the amount of reimbursements/refunds as a miscellaneous revenue and, if the amount is material, provide an explanation in the note to the financial statements.

00 **RECLASSIFICATIONS AND COST ALLOCATIONS.** Use of this category of objects is entirely **optional**. Unlike the remaining objects, those included in this category do not account for an immediate or anticipated cash outlay. Subobjects 04-08 do not represent particular types of articles or services, but summary accounts for grouping and redistributing other objects. If your accounting system has additional digits in the object field, the purposes accomplished here by subobjects 04-08 can be achieved even more effectively by appending a 4, 5, 7, or 8 to the regular subobject codes 11-89.

04 **Reallocated Costs.** You may use it to summarize and redistribute costs that were originally charged to a single Basub/element, program, or project.

05 **Other Cost Reclassifications.** You may use it to summarize and reclassify costs that do not meet the criteria of subobject 04.

CLASSIFICATION OF EXPENDITURES BY OBJECT

Definitions

10[1] **SALARIES AND WAGES.** Amounts paid for personal services rendered by employees in accordance with the rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime, hazardous duty or other compensation construed to be salaries and wages. Subdivide this account as necessary for local purposes (i.e., regular pay, overtime pay, sick pay (employee related), sick pay (non-employee related), vacation pay, shift differential, and other taxable compensation).

Note: Personal Services do not include fees and out-of-pocket expenses for professional or consultant services performed on assignments. Such services are properly classified as *Other Services and Charges*.

20[1] **PERSONNEL BENEFITS.** Those benefits paid by the employer as part of the conditions of employment. Subdivide as needed for local purposes. Examples:

Insurance	Unemployment Compensation
OASI (FICA) - Employer-paid portion	Uniforms and Clothing
Pension Retirement	Workmen's Compensation

29 **Pension and Disability Payments.** Payments by self-insurance and trust funds to retired or disabled employees or their beneficiaries. Use other 20 subobjects for employer payments to pension systems and to state agencies for unemployment and disability insurance. Use subobject 49 for payments from self-insurance funds for property and liability claims.

[1] Required for reporting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

30[1] **SUPPLIES.** This is a basic classification of expenditures by object for articles and commodities purchased for consumption or resale.

31 Office and Operating Supplies. Articles purchased directly and consumed by operating departments. Examples:

Office Supplies	Feed for Animals
Forms	Food for Human Consumption
Agricultural Supplies	Household and Institution Supplies
Chemicals	Laboratory Supplies
Cleaning and Sanitation Supplies	Lubricants
Clothing	Medicines
Construction Materials and Supplies	Paints and Painting Supplies
Drugs	Plumbing Supplies
Electrical Supplies	Publications

32 Fuel Consumed. Include fuel used to generate power, fuel for heating, and fuel for operating engines and vehicles. See subobject 34 for fuel purchased for resale. Use subobject 47 for electricity and natural gas. Examples:

Coal	Nuclear Fuel
Diesel Fuel	Propane Gas
Fuel Oil	Wood
Gasoline	

33 Power, Water, Gas Purchased For Resale

34 Supplies Purchased for Inventory or Resale
Examples:

Internal Service Fund items such as automotive repair parts	Central Stores
Code Books, Maps	Fuel
Concession Supplies	Grave Markers and Liners
	Library Books and Other Library Materials (if capitalized, see subobject 64)

35 Small Tools and Minor Equipment

[1] Required for reporting purposes.

40[1] **OTHER SERVICES AND CHARGES.** This is a basic classification by object for services other than personal services which are needed by the government. Such services may be provided by a governmental agency or by private business organizations. For interfund payments for services see object 90. The following are principal types of services and charges included in this object classification:

41 Professional Services
Examples:

Accounting and Auditing	Management Consulting
Engineering and Architectural	Legal
Medical, Dental and Hospital	Custodial Cleaning
Computer Programming	Messenger

42 Communication
Examples:

Telephone	Postage
On-Line Charges	Facsimile

43 Travel
Examples:

Per Diem	Meals
Lodging	Mileage

44 Advertising

45 Operating Rentals and Leases. See subobject 66 for the distinction between operating and capitalized leases or rentals.

46 Insurance
Examples:

Fire	Theft
Other Casualty	Liability
Bonds	

Note: Use object 20 for insurance applicable to personnel benefits.

47 Utility Services
Examples:

Gas	Electricity
Water	Waste Disposal
Sewer	Cable TV

Note: Use subobject 33 for power, water or gas purchased for resale.

[1] Required for reporting purposes.

48 Repairs and Maintenance. Contracted (external) labor and supplies furnished by the contractors. See object 60 for construction contracts.

Examples:

Buildings	Structures
Improvements	Equipment

49 Miscellaneous

Examples:

Court Costs and Investigations	Judgments and Damages
Dues, Subscriptions and Memberships	Registration
Information and Credit Services	Laundry and Other Sanitation Services
Filing, Recording and Witness Fees	Printing and Binding
Contractual Services not Otherwise Classified	Tuition

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

50[1] **INTERGOVERNMENTAL/INTERFUND SERVICES AND TAXES.** This classification is primarily designed to segregate intergovernmental purchases of those specialized services typically performed by local governments. Such expenditures should be coded to subobject 51. Separate subobjects within this category may also be used to code transfers at the object level. Such coding of interfund transfers is not required because no expenditure has yet occurred when an interfund transfer takes place, unless the transaction is properly classified as a quasi-external transaction, in which case one of the 90 objects should be used.

51 Intergovernmental Professional Services. Expenditures made to other governmental entities for services rendered. Intergovernmental services are limited to those functions normally provided by governments and not by private businesses. Examples include police and fire protection, detention, election services, animal control, inspections, libraries, pollution control, planning, and health services. Do not include expenditures that happen to be paid to another government but are not governmental in nature, such as those for insurance, utility charges, rentals, repairs and supplies. Also, do not include any interfund expenditures: quasi-external transactions should be coded using one of the 90 series of objects; transfers do not need to be coded at the object level. If your system requires object coding for interfund transfers, see subobject 55.

52 Intergovernmental Payments from Federal, State, or Local Funds. Use this subobject for contributions the government makes to other local governments out of federal shared revenues, including flood control lease receipts and general revenue sharing. Also use this subobject for disbursement of state or local revenues to other governments.

53 External Taxes and Operating Assessments. Payments to other governments based on levies against property or income of the government. Do not separate sales taxes from the cost of the article or service purchased. Code LID payments and other special assessments to subobject 61 or 63.

54 Interfund Taxes and Operating Assessments. Payments to other funds of your government based on levies against property or income of a fund. Interfund LID payments and most other special assessments are accounted for as capital outlays (subobject 94) in the year assessed, and as debt service payments thereafter (subobjects 79 and 82).

55 Interfund Subsidies. The use of this subobject is optional; in fact, it is not recommended unless you have a system that requires all transactions to have objects. This subobject must be used only with Basub 597, to record contributions one fund makes to another fund. Examples include payments to a debt service fund by the general fund and transfers of tax (or other) revenue from the general fund to support a library, park, or jail accounted for in a separate fund.

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[1] Required for reporting purposes.

60[1] **CAPITAL OUTLAYS.** Expenditures which result in the acquisition of, rights to, or additions to capital assets, including incidental costs such as legal, appraisal and brokerage fees, land preparation and demolishing buildings, fixtures and delivery costs. This category of object includes all major purchases of capital assets both those which are recorded in general ledger accounts 171-189 and infrastructure. See the Glossary definition of capital assets and the descriptions of accounts 594-595. This object should be used with accounts 594-595.

THIS OBJECT CLASSIFICATION PERTAINS ONLY TO THOSE ASSETS WHICH ARE PURCHASED, NOT THOSE CONSTRUCTED OR FABRICATED BY THE MUNICIPALITY. Cost elements of the latter are classified under other object classes; i.e., wages under *Personal Services*, materials under *Supplies*, etc.

61 Land and Land Improvements

Examples:

- Easements
- Site Improvements such as: excavation, fill, grading, utility installation, removal, relocation or reconstruction of property of others (e.g., railroads, phone and power lines), retaining walls, parking lots, fencing and landscaping[2]
- Rights-of-Way
- LID Payments to Other Governments
- Land Acquisition Costs and Related Expenditures

62 Buildings and Structures (Acquisition, Construction and Improvements)

Examples:

- Administration and Office Buildings
- Garage and Shop Buildings
- Storerooms and Warehouses
- Zoos and Other Park Buildings
- Firehouses
- Jails
- Libraries
- Coastal and Riverine Structures

63 Other Improvements

Examples:

- Alleys
- Athletic Fields
- Bridges
- Culverts
- Water and Sewer Systems
- Fuel Depots
- Dikes and Levees
- Trails and Bike Paths
- Tunnels
- Lighting Systems
- Parking Areas
- Roadways
- Sidewalks
- Storm Drains
- Streets
- Signs and Signals
- Landscapes and Vegetation[2]

64 Machinery and Equipment

Examples:

- Communications
- Laboratory
- Transportation
- Police Dogs and Horses
- Library Resources[3]
- Janitorial
- Office Furniture and Equipment
- Heavy Duty Work Equipment
- Computer Software/Hardware

Note: Exclude small tools and minor equipment (see subobject 35).

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[1] Required for reporting purposes.

[2] Landscaping and vegetation costs are consider infrastructure if the costs are incidental to the construction of the related infrastructure. Often this is evident by reviewing the project's budget and determining if the initial project cost included landscaping and vegetation. Otherwise they may be considered land improvements.

[3] Includes books, audiovisuals, materials, some reference materials, with useful life more than one year. Other library resources (e.g., periodicals, etc.) should be reported under subobject 34.

65 Construction of Capital Assets

Note: This classification is to be used where the expenditure applies to improvement projects involving several distinct subobjects such as land, buildings and structures, and other improvements. It is intended that the classification will be used primarily for undistributed work in progress in capital projects funds. Work orders or other adequate records must be maintained to identify and establish the validity of all amounts which ultimately will be distributed to appropriate capital asset accounts.

66 Capitalized Rentals and Leases

At the time an asset is acquired, use this classification for the total principal to be paid for a capital asset under executory conditional sales contracts (RCW 39.30.010), lease-purchase agreements, installment purchase agreements, and similar arrangements that defer payment for capital outlays over a period of time. An offsetting credit is made to account 391.50 or 382.50.

Also use this classification to record the expenditure at the time the asset is acquired if the agreement meets any one of the following criteria:

a. The agreement transfers ownership of the property by the end of the lease term.

b. The agreement allows the municipality an option to purchase the property during or at the end of the lease term at a price that is considerably below the market value of the property at the time of the option.

c. The term of the agreement is at least 75% of the estimated useful life of the property.

d. The total payments under the agreement, less interest costs and charges for insurance and maintenance, equal or exceed 90% of the market value of the property at the date of the agreement.

Payments under installment purchases and capital leases are coded to subobjects 75 and 83 as debt service. Any rent or lease payments that do not fit in the above categories should be charged to subobject 45, *Operating Rentals and Leases*.

70[1] **DEBT SERVICE: PRINCIPAL.** Use with Basub 581, 582, 591, 593 and 599.

71 General Obligation Bonds

72 Revenue Bonds

73 Special Assessment Bonds

74 Revenue Warrants

75 Capital Leases and Installment Purchases

76 Anticipation Notes/Warrants

77 Other Notes

78 Intergovernmental Loans

79 Other Debt. Include interfund loans principal payments, LID assessments, etc.

80[1] **DEBT SERVICE: INTEREST AND RELATED COSTS.** Use with Basub 592, or if interest expenses are capitalized, use Basub 594.

81 Interest on Short-Term External Debt

82 Interest on Interfund Debt. Include interest on debt to joint ventures and affiliates, LID assessments.

83 Interest on Long-Term External Debt. Include intergovernmental, leases, etc.

84 Debt Issue Costs

85 Debt Registration Costs

89 Other Debt Service Costs

---

[1] Required for reporting purposes.

90[1] **INTERFUND PAYMENTS FOR SERVICES.** Expenditures made to other funds (or other departments of the same fund) for services rendered. Use subobject 54 for interfund taxes and subobject 82 for interfund interest. Use subobject 47 for utility payments. Do not include reimbursements or contributions (subsidies). See the Glossary definitions of the various kinds of interfund transactions. If your accounting system has additional digits available in the object field, the purposes accomplished here by subobjects 91-99 can be achieved even more effectively by appending subobject codes 10-89 to a "9" (e.g., .941 for interfund professional services).

91 Interfund Professional Services. For examples of professional services, see subobjects 41 and 51.

92 Interfund Communications. For examples of communications, see subobject 42.

93 Interfund Supplies. For examples of supplies, see subobjects 31-35.

94 Interfund Capital Outlays. For examples of capital outlays, see subobjects 61-66.

95 Interfund Operating Rentals and Leases. For examples of operating rentals and leases, see subobject 45.

96 Interfund Insurance Services. For examples of insurance services, see subobject 46.

98 Interfund Repairs and Maintenance. For examples of repairs and maintenance, see subobject 48.

99 Other Interfund Services and Charges.

[1] Required for reporting purposes.

CLASSIFICATION OF CERTAIN EXPENDITURES/EXPENSES BY ELEMENT/SUBELEMENT

Use this table only with accounts 582, 591-594, 597-599

General Government Services

11 Legislature
12 Courts
13 Executive
14 Finance and Other Administration
15 Legal Services
16 Personnel Services
17 Employee Benefits Programs
18 Central Services
19 Miscellaneous General Government

Security of Persons and Property

21 Law Enforcement
22 Fire Control
23 Adult Detention/Correction
24 Protective Inspections
25 Emergency Services
26 Ambulance/Rescue/Emergency Aid
27 Juvenile Services
28 Communications/Alarm/Dispatch

Utilities and Environment

31 Natural Resources
32 Facility Engineering
33 Electric/Gas Utilities
34 Water Utilities
35 Sewer Utilities
36 Cemeteries
37 Garbage/Solid Waste
38 Other Utilities and Business-Type Activities
39 Other Environmental Services

Transportation

41 Road/Street Preservation
42 Road/Street Maintenance
43 Road/Street Administration and Overhead
44 Road/Street Operations
45 Road/Street Extraordinary Operations
46 Airports/Ports/Terminals
47 Transit Systems/Railroads
48 Motor Pool Vehicles/Public Works Equipment

Economic Environment

51 Welfare
52 Employment Opportunity
53 Veterans Services
54 Child Care
55 Aging
56 Services for Disabled
57 Information/Outreach
58 Planning
59 Housing

Mental and Physical Health

61 Hospitals/Convalescent Centers
62 Public Health
63 Coroners
64 Mental Health
66 Substance Abuse
68 Developmental Disabilities

Culture and Recreation

71 Education
72 Libraries
73 Multipurpose/Community Centers
74 Stadiums/Auditoriums
75 Fairgrounds/Convention Centers
76 Park Facilities
79 Other Culture and Recreation

Debt

81 Amortization of Debt Premium (Credit)
82 Amortization of Debt Discount (Debit)
83 Amortization of Debt Issue Costs
89 Refunding Debt

Other

95 Road/Street Construction and Other Infrastructure
96 Conservation Districts-Cost Sharing Programs

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Objective

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs, or functions. Financial control and evaluation processes typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded and on comparing estimated and actual revenues.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimates in the fixed portion of the annual comprehensive budget, as modified by the legislative body, are enacted into law through the passage of an appropriations ordinance (city) or resolution (county). The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the legislative body. Expenditures should be monitored through the accounting system to assure budgetary compliance. Unexpended appropriations may lapse at year end or may continue as authority for subsequent period expenditures, depending upon the applicable legal provisions (e.g., RCW 35.33.151).

Essential Elements of a Budget System

In order to work effectively, any budget system must provide for:

1. A structure which presents data in categories reflecting the organization's objectives.

2. Continual analysis by each organization of how its plan meets these objectives.

3. Alternative objectives and alternative plans for meeting these objectives.

4. An integrated planning/budgeting process incorporating data that is meaningful for decision making.

5. Broad planning decisions in a budget context.

6. Timely presentation of plans and financial data for action by the legislative body.

In short, the system must allow decision makers to see how resources can be used to meet objectives.

Long-Range Plans

The purpose of long range planning is to provide a better understanding (for departments, administrators, legislators, and citizens) of the activities and functions the government performs and the resources needed to continue or extend these services. If properly managed, long range planning will reduce the extent to which immediate crises dominate a government's budgeting and resource allocation decisions.

Each fund or department should develop long-range plans of its activities. These plans should contain descriptions of departmental goals, its service recipients or customers and other performance criteria. Where specific problems or projects are foreseen, the plan should describe the problem and discuss the costs and benefits of alternative solutions, indicating which solution is preferred and why. These departmental or functional long-range plans should be coordinated into a comprehensive plan for the entire local government.

At the same time, the government should be estimating its probable resources. For many smaller jurisdictions, this function is performed in part by relying on external associations, such as Association of Washington Cities, Municipal Research Services Center, and the Washington State Association of Counties. Administrative and legislative officials should review and adjust these long-range plans to meet resource projections.

In order to be effective, this long-range planning needs to be a continuous process; updating these long-range plans should be performed at the beginning of the annual budget process.

Budget Definitions

A *budget* is a forecast of expected resources and the purposeful distribution of those scarce resources. When a budget is appropriated by ordinance or resolution, it provides both the right to spend and limits the amount to be spent. Both appropriated and less formal management estimates are used by managers to control spending.

A *comprehensive budget* is an entity-wide budget that includes all resources the government expects and everything it intends to spend during a fiscal period. The comprehensive budget contains annual/biennial appropriated budgets, the annual/biennial portion of continuing appropriations such as the capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and all nonbudgeted funds.

The term *fixed budget* is used to describe those budgets which set an absolute maximum or ceiling on the expenditures of a particular fund, department, or other specific category. A fixed budget can be either an annual appropriated budget or a continuing appropriation. Fixed budgets must be adopted by ordinance or resolution, either for the government's fiscal period or at the outset of a service project, debt issue, grant award, or capital project.

An annual/biennial appropriated budget is a fixed budget adopted for the government's fiscal period. The appropriated budget was traditionally used to determine a government's property tax levy, and a ceiling on expenditures was made absolute so that the expenditures of a government unit would not exceed its revenues. This budget was also historically a "balanced" budget, estimated revenues equaling appropriations. The appropriated budget is still used to set tax levies and some budget statutes still require "balanced" budgets, but it is more generally used to authorize a specific amount of expenditures regardless of whether estimated resources meet or exceed that amount. Appropriated budgets are required by statute in cities (Chapter 35.32A, 35.33, and 35A.33 RCW), counties (Chapter 36.40 RCW), and most other local governments in Washington State. These budgets are also called legal budgets, adopted budgets, or formal budgets. The appropriated budgets should be adopted by ordinance or resolution.

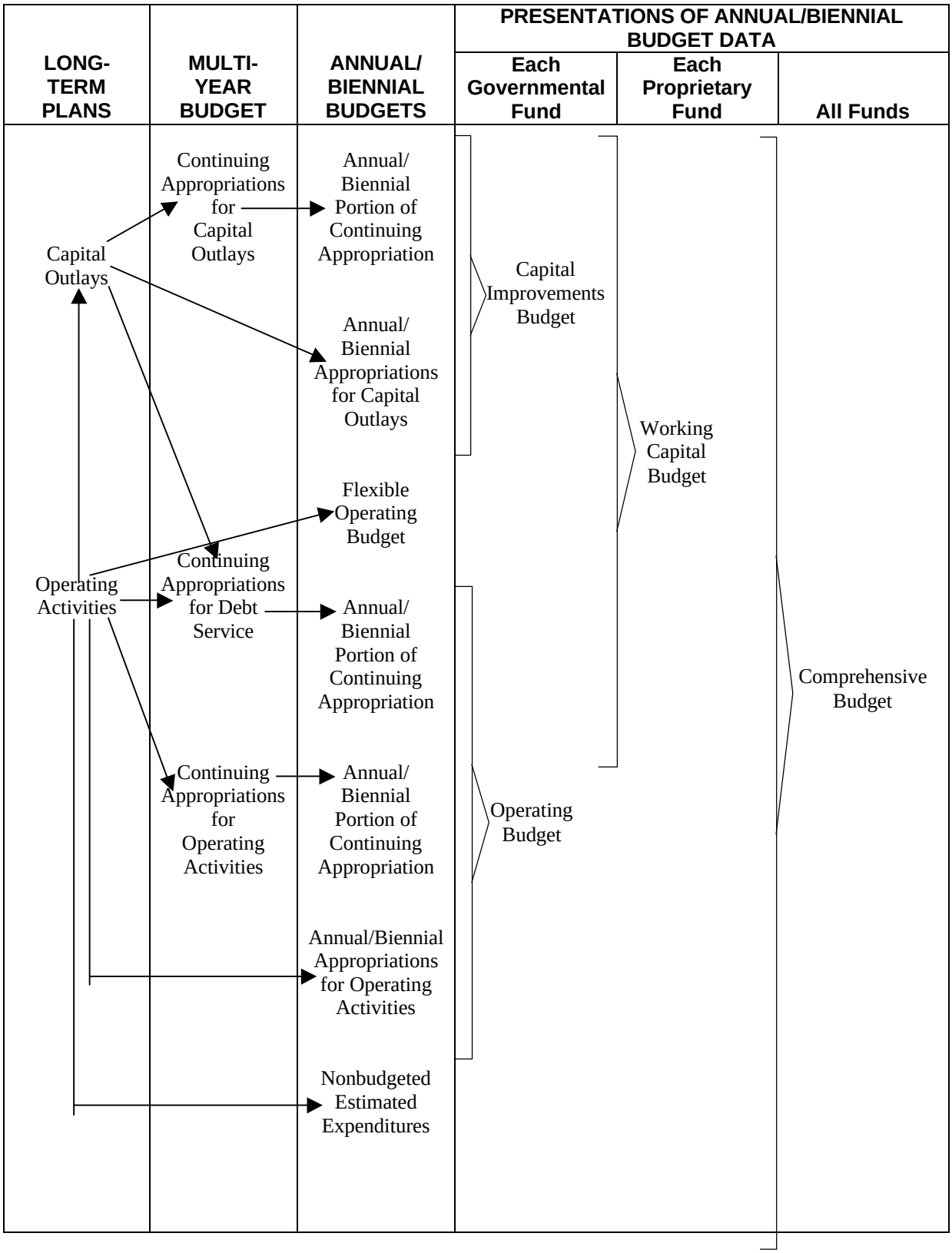
A *continuing appropriation* is a fixed budget which authorizes expenditures for a fiscal period that differs from the government's fiscal year, such as capital projects, debt issues, grant awards, and other service projects. These expenditures require an ordinance or resolution to authorize the project, establish the assessment roll, adopt the debt amortization schedule, or accept the grant award. Such ordinances or resolutions set an absolute maximum or ceiling on the expenditures, but the time period for incurring expenditures does not coincide with the government's fiscal year; it may even cover several years. The major difference between annual/biennial appropriated budgets and continuing appropriations is that the latter do not lapse at fiscal period end; this implies that no legislative action is required to amend the annual/biennial portion of a continuing appropriation, unless the total authorized expenditures would exceed the entire appropriation.

Flexible budgets are usually regarded as managerial tools, which do not set a ceiling on expenses or expenditures but establish a plan for them at various levels of service. They are especially appropriate for the day-to-day operations of a public utility where it is essential to plan fluctuations in the demand for services and where revenues will automatically increase with demand, so that a balanced budget does not depend on establishing a ceiling for expenses.

A *capital improvement budget* contains two elements: the annual/biennial portion of capital projects and annual appropriations for the purchase, construction or replacement of major fixed assets in the current fiscal period.

An *operating budget* presents the estimated expenditures and available resources necessary to provide the services for which the government was created. An operating budget will contain flexible budgets and fixed budgets; the fixed budgets will include annual/biennial appropriations for services and the annual/biennial portion of continuing appropriations for debt service and for service projects.

The graph on the next page shows how these various types of budgets are related and how the annual/biennial portions of these budgets are incorporated into the elements needed to complete the comprehensive budget.


LONG-TERM PLANS
MULTI-YEAR BUDGET
ANNUAL/ BIENNIAL BUDGETS
PRESENTATIONS OF ANNUAL/BIENNIAL BUDGET DATA
Each Governmental Fund
Each Proprietary Fund
All Funds
Capital Outlays
Continuing Appropriations for Capital Outlays
Annual/ Biennial Portion of Continuing Appropriation
Annual/ Biennial Appropriations for Capital Outlays
Capital Improvements Budget
Working Capital Budget
Flexible Operating Budget
Operating Activities
Continuing Appropriations for Debt Service
Annual/ Biennial Portion of Continuing Appropriation
Comprehensive Budget
Continuing Appropriations for Operating Activities
Annual/ Biennial Portion of Continuing Appropriation
Operating Budget
Annual/Biennial Appropriations for Operating Activities
Nonbudgeted Estimated Expenditures

SYSTEM DESIGN

The BARS is designed to allow formal integration of budgeting and accounting for all fund types in a governmental accounting system. The budget formats allow for different levels of detail for different levels of management.

For governmental fund types, the BARS is premised on the use of appropriated budgeting, which can be supplemented or (where statutes permit) replaced by capital improvement, project or program budgets that cover multiple/partial fiscal periods or cross organizational boundaries. A municipality may elect to budget proprietary funds by establishing fixed dollar budgets as for governmental funds.

RULES

WHAT FUNDS MUST HAVE BUDGETS?

1. Normally all general (current expense), special revenue, and proprietary funds of local governments must have annual/biennial appropriated budgets.

2. Normally debt service and capital project fund budget requirements are met by the continuing appropriation contained in the enabling ordinance or resolution. These funds do not need annual/biennial appropriated budgets.

WHAT KINDS OF BUDGETS ARE REQUIRED OR ALLOWED?

3. Each local government must prepare a comprehensive, entity-wide budget of all anticipated resources and outlays for the fiscal period, including those funds for which appropriated budgets are not required and including estimates of the annual/biennial portion of continuing appropriations.

4. Annual/biennial appropriated budgets are required by statute for nearly all expenditures made from the general (current expense), special revenue and proprietary funds of local governments. Annual/biennial appropriated budgets are also required for other funds that set tax levies.

5. An entity-wide capital improvements budget may be used instead of fund-by-fund budgets to appropriate expenditures for plant, property and equipment.

WHAT DETAIL IS REQUIRED?

6. Where annual/biennial appropriated budgets must be legally adopted by ordinance or resolution, they should be adopted at the department or fund level. A single ordinance or resolution should contain all annual/biennial appropriated operating budgets for the entire government. A separate ordinance or resolution may be used for annual/biennial appropriated capital improvements budgets. Normally, budgets are initially prepared at the level of expenditure objects, but they should be summarized into broad categories of services for appropriation. This does not preclude detailed budgets from being used by departmental managers, but it does allow them the discretion they need to manage their departments.

7. The prescribed chart of accounts is to be used for budget preparation, except that budget detail need not specify subobjects of expenditure. Budgets should include not only revenue and expenditure accounts, but also other financing sources and uses, transfers, contributions of capital, and beginning and ending net cash and investments (RCW 35.33.011 and 36.40.190).

8. Some special revenue funds are authorized to budget on a project basis (such as cumulative reserve funds), and some special revenue funds are exempt from appropriated budget requirements (such as the county treasurers' Operations and Maintenance funds). Nonetheless, estimated annual/biennial resources and outlays for such funds must be included in the comprehensive budget (Item 3 above).

9. Appropriated budgets for debt service funds are not normally required. While Washington State budget statutes do not exclude debt service funds from annual/biennial appropriated budget requirements, RCW 39.48.020 requires that all resolutions or ordinances authorizing the sale of G.O. debt must include an amortization schedule to list interest payments and fix the annual maturities of the debt throughout the life of the issue; accordingly, the bond resolution or ordinance serves as a perfectly adequate budget for the entire life of the issue. The same principle applies to installment purchases and lease purchase agreements. Other debt payments accounted for in debt service funds are normally financed by contributions from other funds of the same government, and the amounts have already been budgeted as operating transfers to the debt service funds; rebudgeting the expenditures in the debt service fund serves no useful purpose. All debt service fund revenues and the current portion of the amortization schedule must be included in the comprehensive budget (Item 3 above).

10. Capital project funds may be budgeted either on an annual basis or on a project basis. The budget statutes for cities and counties provide that most appropriations lapse at the end of the fiscal period, but that the lapses do not prevent payments on "uncompleted improvements in progress" (RCW 36.40.200). In addition, most capital projects are funded by debt issues; the authorization for the debt issue is normally accompanied by official legislative action on the projects to be funded by the debt. City statutes are explicit about the unlapsed status of appropriations in such funds (RCW 35.32A.080, 35.33.151, and 35A.33.150). These statutes are interpreted to permit project budgeting of capital project funds. If project budgeting is employed, annual estimates of project resources and outlays must be incorporated in the comprehensive budget (Item 3 above). (Also see Capital Improvement Budget Section.)

11. Capital projects that involve special assessment districts should be budgeted on a project basis. Although improvement district statutes vary, they normally require formal adoption of an assessment roll. The LID formation ordinance is a perfectly adequate budget for the life of the LID. The amount of the assessment roll is determined by the estimated costs of construction and of debt service, which are accordingly approved by the same action. If construction costs exceed estimates, legislative approval is normally required; that approval should be recorded as a budget modification. Annual/biennial estimates of resources and outlays must be incorporated in the comprehensive budget (Item 3 above).

12. Fiduciary funds are not generally subject to budget requirements, but there are some exceptions: agency funds used to account for pass-through resources may require formal budgetary integration to establish adequate fiscal control over subgrants. Nonbudgeted trust and agency funds normally should not be included in the comprehensive budget, because they do not represent resources or outlays that benefit the local government itself. Budgeted trust funds must be included in the comprehensive budget (Item 3 above).

13. All proprietary funds must be budgeted on annual/biennial basis, using the method described below. These budgets must be included in the comprehensive budget (Item 3 above).

BUDGET PROCESS

The steps listed below are used to develop all types of budgets. See procedures for more detail on each step.

1. The Budget Calendar

   The budget director should review the applicable RCWs for statutory dates and develop a budget calendar after appropriate consultation with legislative and executive officers. The calendar should identify preparation periods and deadlines for each of the following steps.

2. Policy Guidelines

   Executive and legislative officials should meet to discuss revenue trends, economic prospects, major cost items and service objectives to be reflected in the budget. These discussions should result in overall guidelines for departments to use in making budget requests. These guidelines become part of the *Goals and Priorities Statement*.

3. Budget Instructions

   The budget director should prepare a budget manual. Part 2, Chapter 2 contains forms and instructions suitable for most local governments. The budget manual should contain a budget calendar, a description of the budget process, management and legislative policy guidelines, lists of goals and priorities, instructions on how to complete required forms, data on overhead expenditures (such as salary increases, fringe benefit factors, insurance and utilities) and rates for interfund services such as accounting, data processing, photocopying, printing and equipment rental.

4. The *Call* and *Goals and Priorities Statement*

   The *Call* and a *Goals and Priorities Statement* (see samples) are issued simultaneously to communicate policy guidelines and budget instructions to the operating departments.

5. Detailed Expenditure Requests

   These are prepared by individual departments and submitted to the budget director for review. The requests should contain narrative justifications. All outlays, including ending net cash and investments, continuing appropriations and non-budgeted funds, must be included in the budget estimates. Some examples of methods used to develop budget estimates are: 1) listing of requirements (objects), 2) extrapolating from the old budget, or 3) developing measurements of service efforts and accomplishments. This last method quantifies the demands placed on your government for goods and services. Some examples of measurable services are the number of inspections, repairs, permits, arrests, cases filed, properties reassessed, documents processed, etc. Illustrative forms and completed sample budgets are presented in later sections of this manual. Subsequent sections of this chapter provide additional instructions for proprietary and capital improvement budgets.

6. Revenue Estimates

   These estimates are normally prepared by the budget director, with appropriate input from department heads and direction from the executive and legislative policymakers. The estimates should include all resources, not merely those categorized as revenues. The estimates should be reviewed throughout the budget process and especially carefully one last time just before final budget action is taken by the legislative body.

7. Budget Review

   This process is intended to establish priorities for governmental services and capital improvements and to bring the budget requests into balance with available resources. It is normally a function of the budget officer and the chief executive.

8. The Budget Document and Message

The budget document is prepared by the budget director and the chief executive when the budget review process is complete. It contains estimated resources and proposed expenditures with detailed justification of the recommended budget. This document should contain a summary at the Basub level by department in order to focus attention on the broad categories of service and the objectives of the unit of government. For similar reasons, the document should be comprehensive, including nonbudgeted funds and the annual/biennial portion of continuing appropriations. Either in an accompanying narrative or by using a BARS code subdivision, the comprehensive budget must indicate which portions are annual/biennial appropriations, which are portions of continuing appropriations, and which are estimates where no appropriation is required. This is necessary in order for citizens, council members, managers, and auditors to understand what limits are set in the budget document and what action would be required to change the estimates and appropriations.

The chief executive should include in this document his/her budget message, to describe the major assumptions underlying the budget, significant changes in the proposed budget from the current year budget, and major issues the legislative body must address, such as the tax levies, bond issues, and project amendments. (RCW 35.33.057 and 35A.33.055 require budget messages for cities.)

9. Budget Hearings and Adoption

One or more formal public hearings are required by statute before the budget is adopted. Special meetings may be scheduled prior to the public hearings, in order to brief and address the concerns of the council or commission on the budget. After the public hearings, the legislative body should complete its deliberations and make its final adjustments to the proposed budget. Revenue estimates should be reviewed one last time, and then the legislative body should adopt (by ordinance in cities, by resolution in counties) those portions of the comprehensive budget which require annual/biennial appropriations, along with related revenue ordinances or resolutions. (See sample ordinances in procedures section.)

10. Recording the Budget

The annual/biennial appropriations contained in the comprehensive budget must be recorded in the ledgers to permit comparisons between estimated and actual resources and to compare and control expenditures with appropriations. The nonbudgeted portions and continuing appropriations contained in the comprehensive budget may also be recorded to provide management control. Note that for continuing appropriations, what should be monitored is not the annual/biennial portion but the overall project or debt schedule. When posting these amounts to the ledger, the annual/biennial appropriations may be separated from the nonbudgeted or continuing appropriations by using a BARS code subdivision.

11. Mid-Biennium Review and Modification

Procedures for mid-biennial budget review and modification for cities and towns are prescribed in RCW 35.34.130 and 35A.34.130. Counties are also required to provide by ordinance/resolution for a mid-biennial budget review and modification for the second year of biennium (RCW 36.40.250).

The ordinance/resolution should contain procedures for distribution of proposed modifications to the county's legislative body and public. It should provide for hearing(s). The ordinance/resolution should require that such review and modification will occur no later than the conclusion of the first quarter of the second year of the fiscal biennium. The appropriate officer should prepare proposed budget modifications and publish a notice of hearing(s) in the same way others are published. The budget modification ordinance should be approved in the same manner as others.

The completed copy of adopted budget modifications should be sent to the State Auditor's Office.

This is the traditional budget universally adopted by local governments for the general (or current expense) and special revenue funds. See Part 2, Chapter 1 for more specific rules about which funds must adopt an appropriated operating budget. This type of budget is developed "from the ground up"; that is, it begins with budget estimates and requests from individual department and fund managers. From this level, the estimates and requests are summarized by the budget office into a total budget for the entire governmental unit. The individual government should decide how many levels of budgetary detail and summary are needed; however, the ordinance or resolution that formally adopts the budget should be at a fund or department level. (See the sample ordinance in this chapter).

These illustrative forms and instructions provide for narrative explanations to accompany all budget requests. These narratives should be prepared by the operating department, not by the budget office. Narratives should accompany all budget forms where it is necessary to explain exceptions and/or analyze estimated revenues and expenditures. Detailed explanations are not required for routine continuing support costs such as electricity, water, heat, etc. The narrative requirements should be outlined by the budget officer.

The types of budgets are illustrated as SAO forms. Local governments are not required to use those forms. Your government may use its own forms and format as long as the required BARS coding is used.

Estimated Expenditures/Uses/Reserves

The operating budget is prepared at the department or comparable level by fund, program, department, Basub, element, and object. Subobjects are not required for budgeting.

Estimated Beginning Net Cash and Investments/Revenues/Other Sources

Initial estimates of revenues and other sources are prepared by the revenue collecting unit. These data are listed by fund, department, Basub and element. In addition, each intergovernmental revenue should be separately identified by a grant source code.

The collecting unit projects revenue on a departmental level with a narrative to explain increases or decreases. These estimates are submitted to the budget officer.

The budget officer summarizes all the departmental estimates by fund, element, and subelement and adds estimated beginning net cash and investments and tax levies. At this time, reference to departments is usually omitted since amounts are combined under applicable funds. Department narratives are combined into a single statement for the legislative body.

Fund Name and Number	Estimated Beginning Net Cash and Investments/ Revenue/Other Sources ___ excluding taxes ___ including taxes	City/County/District	
Program		Budget For Year _____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget		
			Enter account title from Chart of Accounts in Part 1, Chapter 3.							

Columns:
- A Enter prior year actual revenues/other sources, including beginning net cash and investments.
- B Enter current year revenues/other sources to budget preparation date, including beginning net cash and investments.
- C See Note 1 below.
- D Original budget adopted for current year.
- E Current year budget, including all amendments to date.
- F Proposed budget for next year, including estimated beginning net cash and investments.
- G See Note 2 below.

1/ Column C gives the percent of estimated resources that have actually been earned or received.

2/ Column G is the estimated increase or (decrease) in the next year resources over the current year latest estimate.

Fund Name and Number	Estimated Expenditures/Uses/Reserves	City/County/District	
Program		Budget For Year _____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 4/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 3/ B÷E (%)	D Original Budget	E Amended Budget		
			Enter account title from Chart of Accounts in Part 1, Chapter 4.							

Columns:
- A Enter prior year actual expenditures and ending net cash and investments.
- B Enter current year expenditures to budget preparation date.
- C See Note 3 below.
- D Original budget adopted for current year.
- E Current year budget, including all amendments to date.
- F Proposed budget for next year, including estimated ending net cash and investments.
- G See Note 4 below.

3/ Column C gives the percent of estimated expenditures/uses that have actually been incurred.

4/ Column G is the estimated increase or (decrease) in the next year expenditures/uses over the current year latest estimate.

Fund Name and Number	Estimated Beginning Net Cash and Investments/ Revenue/Other Sources	City/County/District	
Program	___ excluding taxes ___ including taxes	Budget For Year _____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget		

1/ Column C gives the percent of estimated resources that have actually been earned or received.

2/ Column G is the estimated increase or (decrease) in the next year resources over the current year latest estimate.

Fund Name and Number											
Program			Estimated Expenditures/Uses/Reserves						City/County/District		
Department									Budget For Year _____	Page	
Account Number			Account Title	A Last Year Actual	Current Year					F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget			

1/ Column C gives the percent of estimated expenditures/uses that have actually been incurred.

2/ Column G is the estimated increase or (decrease) in the next year expenditures/uses over the current year latest estimate.

Continuing appropriations are fixed budgets for a fiscal period that differs from the government's budgeted period. Examples include construction projects, special assessments, grant projects, lease-purchases, installment purchases, and debt service. (See Chapter 1 for the definition.)

The continuing appropriation budget is prepared by each department or fund by project or debt service schedule. (The latter includes lease-purchases and installment purchases.) Anticipated resources and outlays for each project or debt are coded by fund, program, department, Basub, element and object. Subobjects are not required for budgeting. In addition, each intergovernmental revenue should be separately identified by a grant source code.

Fund Name and Number				Estimated Revenues, Expenditures, Other Sources and Uses for Continuing Appropriations of Debt Service and Projects							City/County/District	
Program/Department											Budget For Year _____	Page
Project												
Account Number			Account Title	Debt Svc. Schedule/Project Life				Next Year				
Basub	Ele.	Object		A Original Budget	B Amended Budget	C Prior Year Actual	D Current Year Estimate	E Jan. 1 Remaining Budget B-C-D	F Est. Resources or Outlays	G Dec. 31 Re-maining Budget E-F	H 1/ C+D+F B (%)	
			Enter account titles from Chart of Accounts in Part 1, Chapters 3 and 4.									
				Columns: A Original budget adopted for current year. B The budget for the entire debt service or project, including all amendments to date. C Total expenditures/uses incurred or revenues/other sources earned since inception to beginning of the current year. D Total expenditures/uses incurred or revenues/other sources earned in the current year to date. E Subtract columns C and D from column B. F Total estimated revenues/other sources to be earned or expenditures/uses to be incurred in the next year. G Subtract column F from column E to determine the estimated budget amount to be carried forward to a future budget period. H See Note 1 below. NOTE that all columns are used for both expenditures and revenues. The BARS account codes and titles are used to distinguish the entries.								

1/ Column H gives the percent of the total project budget estimated to be earned or spent by the end of the budget year.

Fund Name and Number												City/County/District	
Program/Department				Estimated Revenues, Expenditures, Other Sources and Uses for Continuing Appropriations of Debt Service and Projects								Budget For Year _____	Page
Project													
Account Number			Account Title	Debt Svc. Schedule/Project Life			D Current Year Estimate	Next Year			H 1/ C+D+F B (%)
Basub	Ele.	Object		A Original Budget	B Amended Budget	C Prior Year Actual		E Jan. 1 Remaining Budget B-C-D	F Est. Resources or Outlays	G Dec. 31 Re-maining Budget E-F	

1/ Column H gives the percent of the total project budget estimated to be earned or spent by the end of the budget year.

Traditional appropriated budgets contain both operating and capital expenditures. To improve management control and planning, capital expenditures for major acquisitions or construction of facilities and equipment may be separated from current operating expenditures and placed in a capital improvement budget. This budget will contain all major capital expenditures from all funds, including internal service. It will also distinguish debt incurred to acquire long-lived assets from debt incurred to finance current operations.

A capital improvement budget starts with a capital improvement program. A capital improvement program is a plan for capital expenditures to be incurred over a fixed period of time and the projected resources required to finance the expenditures. It is a long range plan that looks beyond the traditional annual/biennial budget.

To develop a capital improvement program, it is necessary, first, to compile an inventory of existing facilities and major equipment to evaluate their adequacy for present and future service needs and, second, to establish objectives and priorities for replacing whatever is inadequate and acquiring additional needed facilities and equipment.

The critical step in the development of a capital improvement program is the evaluation and prioritization of the relative need for and cost/benefit of each proposed improvement. Extensive public hearings and legislative deliberations are essential to establish an adequate program.

In developing the capital improvement program, it is important to keep the following things in mind:

1. Include projects currently in progress.

2. Include internal service fund capital outlays and purchases made by other funds and contributed to internal service funds.

3. Establish a minimum cost for items to include in the capital improvements program; capital expenditures less than the established minimum should be included in the operating budget of the fund/department that will incur the expenditure.

4. Coordinate capital improvement plans with other governments with overlapping or neighboring jurisdiction; it is appropriate for the capital improvement program to reference capital improvements planned by these governments. This can be especially important when establishing the timing of construction to minimize detours and delays.

5. Because the capital improvement program is entity-wide, it can be organized by project, by funding source, by type of construction, or in other suitable categories, instead of the more traditional funds and departments used for operating budgets. The annual/biennial capital improvement budget should follow the same format as the capital improvement program.

After evaluating and picking the capital improvements to be completed, it is necessary to choose the best method of financing. Some examples of financing are past savings (reserves), current revenues (also called "pay as you go"), debt financing, (whether from bonds, registered warrants, installment purchases, or leases), and contributions (such as special assessments and grants).

Once a capital improvement program is established it will be necessary to repeat the same steps annually/biennially to update and extend the program. A capital improvement program should not be "cast in concrete." Economic and environmental conditions will change, and those changes should result in modifications to the capital improvements program, accelerating, delaying, reprioritizing, even canceling scheduled improvements.

The capital improvements budget is next period's portion of the capital improvements program. It is presented with the annual/biennial operating budget, and those portions which require annual/biennial appropriations are adopted by the same ordinance or resolution that adopts the annual/biennial appropriated operating budget. The remaining portion of the capital improvements budget consists of the annual/biennial portion of continuing appropriations, included in the comprehensive budget but appropriated on a project rather than an annual/biennial basis.

The capital improvement budget is prepared by Basub, element, and object. In addition, each intergovernmental revenue should be separately identified by a grant source code.

The individual budgets of funds, projects, and capital improvements are combined into a comprehensive budget document which summarizes, at the fund level, the entire planned resources and outlays for the budget period. This comprehensive budget contains subtotals which remove unbudgeted and continuing appropriations items to reconcile the comprehensive budget with the ordinance or resolution adopting the annual/biennial budget.

City/County/District			(Annual/Biennial) Comprehensive Budget		
Budget for Year _____	Page				
Fund Name	Resources	Uses	Increase (Decrease) in Net Cash and Investments	Beginning Net Cash and Investments	Ending Net Cash and Investments

In consideration of the "lengthy and intense process" (RCW 35.34.010) associated with the adoption of a budget, the Legislature provided, in 1985, for biennial budgets for cities and towns. In 1995, the Legislature allowed counties to adopt ordinance/resolution providing for biennial budgets (RCW 36.40.250).

The process for adopting a biennial appropriated operating budget is the same as that for an annual budget. (Refer to Part 2, Chapter 2.) The schedule for submitting budget estimates, the proposed preliminary budget, budget hearings and budget adoption is also the same. However, presentation of the biennial budget in the annual financial statements issued during the biennium requires additional considerations.

In the first year of presentation, the two-year budget will be presented and compared to the actual expenditures of the first year.

In the second year, the two-year budget will be presented and compared to the actual expenditures of both years.

The column headings in the budgetary statement should indicate clearly the period(s) covered. The budget column heading should indicate the inclusive dates of the two-year period. The actual column heading should indicate whether the amounts represent one year or two years of expenditures.

The procedures for mid-biennium budget review and modification are described in Part 2, Chapter 1.

CHAPTER 3. BUDGET EXAMPLES

The following pages are intended to show the various communications and documents prescribed by this budgeting system. These examples are not intended to represent a complete city or county budget. Some of these documents contain statements and amounts that are inconsistent with other examples in this chapter. This was allowed in order to show a wider range of budget techniques and issues.

	Steps in Budget Preparation	Time Limitation: Cities (Chapter 35.33, 35A.33, 35.34, 35A.34 RCW)	Time Limitation: Counties (Chapter 36.40 RCW)
1.	Department heads are requested to prepare estimates of revenue and expenditures for the next fiscal year.	On or before the second Monday in September (see Note A).	On or before the second Monday in July.
2.	Estimates are to be filed with the city clerk/county auditor.	On or before the fourth Monday in September.	On or before the second Monday in August.
3.	Estimates are presented to the chief administrative officer for modification, revision, or additions.	On or before the first business day in October.	
4.	The appropriate officer provides the legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current year, together with the clerk's proposed preliminary budget. (RCW 35.33.135 and 35A.33.135)	No later than the first Monday in October.	
5.	The legislative body must hold a public hearing on revenue sources for coming year's current expense budget, including consideration of possible increases in property tax revenues.	Before legislative body votes on the property tax levy. Deadlines for levy setting are in step 6.	
6.	Setting tax levies (RCW 84.52.020, .070 and 35A.33.135)	On or before November 15 for cities. On or before November 30 for towns.	
7.	Upon receipt of the estimates, the auditor prepares the county budget and submits it to the board of county commissioners.		On or before the first Tuesday in September.
8.	Chief administrative officer prepares preliminary budget and budget message and files it with the city clerk.	At least 60 days before the ensuing fiscal year.	
9.	Clerk publishes notice of filing of preliminary budget with city clerk and publishes notice of public hearing on it once a week for two consecutive weeks.	Published during the first two weeks in November.	
10.	The legislative body, or a committee thereof, must schedule hearings on the budget or parts of the budget, and may require the presence of department heads.	Prior to the final hearing.[1]	

1 Since the statute does not specify form of notification, cities and towns should follow their normal procedure.

	Steps in Budget Preparation	Time Limitation: Cities (Chapter 35.33, 35A.33, 35.34, 35A.34 RCW)	Time Limitation: Counties (Chapter 36.40 RCW)
11.	Copies of the preliminary budget are made available to citizens upon request (see Note B).	Not later than six weeks before January 1.	Two weeks prior to hearing.
12.	Budget hearing notice	Publish notice once for two consecutive weeks. State availability of budget at clerk's office and schedule for final public hearing.	Publish notice once for two consecutive weeks. State availability and location of budget. Advise of schedule for final public hearing.
13.	Final hearing on proposed budget	On or before first Monday of December, and may be continued to not later than the 25th day prior to next fiscal year.	On the first Monday in October (see Note C).
14.	Adoption of budget for next fiscal year. Send copies of final budget to the State Auditor's Office.	Adopt by ordinance. Following the public hearing and prior to the beginning of the ensuing fiscal year. Also, send a copy of the budget to the Municipal Research and Services Center.	Adopt by resolution. Following the public hearing and prior to the beginning of the ensuing fiscal year.
15.	Mid-biennial review and modification. Send copies of modified budget to the State Auditor's Office.	Provide by ordinance for this step. If provided for, shall occur no sooner than 8 months after start nor later than conclusion of first year of the fiscal biennium.	Adopt by ordinance/ resolution. Should occur no later than the conclusion of first quarter of the second year of the fiscal biennium.[1]

1 As prescribed by the State Auditor's Office (RCW 36.40.250).

NOTES:

A. Or at such other time as the city may provide by ordinance or charter (RCW 35.33.031 through 35.33.051).

RCW 35.33.031 actually provides "On or before the second Monday of the fourth month", etc. Therefore, pursuant to the state budget law, that step (and certain others) could be taken before the dates listed herein.

Budget requirements for first (under 300,000), second and third class municipalities are listed in Chapter 35.33 RCW, as amended, and for Cities under the Optional Municipal Code in Chapter 35A.33 RCW, as amended.

B. The public records section of the Public Disclosure Law guarantees full access to information concerning the conduct of government, with exceptions made for privacy of individuals and efficient administration of government. Citizens participating in the budget process should be aware of their right to inspect and copy any document or public record needed in the evaluation of a county or city budget.

C. The law has established dates for the budget process allowing counties a great deal of flexibility through RCW 36.40.071, to set up alternate dates for budget hearings and other elements of the budget process. Several counties have chosen to set the budget hearings at a later date. Citizens are urged to contact their county commissioner regarding the exact dates for the budget hearing.

Sample

CALL LETTER

TO: All agencies and individuals responsible for submission of budgets

FROM: Designated budget officer

SUBJECT: Notice to file _____ Budget Estimates

You are hereby notified to file, on or before _(date)_, itemized estimates of resources other than taxes, and of all expenditures/users required by your office or department for the year _____. Please refer to the enclosed budget calendar for related deadlines.

The enclosed forms and instructions are provided for the preparation and submission of budget estimates. Please submit all estimates to the budget and finance department. Any questions regarding the procedures, instructions or forms should be directed to this office.

Your cooperation in meeting scheduled deadlines and responding to requests for additional information will be appreciated by all concerned.

NOTE: This letter may be combined with the *Goals and Priorities Statement*.

Sample

GOALS AND PRIORITIES STATEMENT

TO: (Statement should be addressed to all agencies and individuals responsible for submission of budgets.)

FROM: The Legislative Body

SUBJECT: Goals and Priorities _____

The purpose of this statement is to advise everyone connected with the budget process of the overall plan for this community and of the priorities we have set to achieve our common goals.

We have made significant progress in overcoming the financial difficulties caused by the large general fund deficit. It is our hope that, by the end of fiscal 2002, we will no longer be in a deficit fund balance position. However, this does not mean that we have no severe fiscal problems. We will still have cash flow deficits in 2003. It is our intention to build up a modest fund balance in order to provide working capital to meet our expenditures during the entire year, without resorting to borrowing. There are also unavoidable operating expense increases anticipated in 1990 (e.g., staffing the new jail), which will place severe demands on available revenues.

There will be some resources available in 2002 for major capital expenditures. We have established a Capital Improvement Reserve Fund financed from one-half of the additional half cent sales tax. Therefore, at least $500,000 in 2002 will be allocated to capital items in excess of $50,000, following the guidelines we adopted in early 2001.

Although the rate of inflationary increases has abated somewhat in the last year, we still anticipate that cost increases will be a major problem in 2002 (particularly for utilities). We do intend to provide for moderate salary increases next year, and will attempt to budget accordingly. Based on limited revenues, we should not expect to expand operating programs or hire additional personnel unless expenses can be cut elsewhere or compensating revenue generated.

In light of these objectives and constraints, we are requesting departments to again submit their 2002 budgets based upon current staffing levels and current levels of other budget items. These budget requests should only be increased over the 2001 budgets to take into account anticipated inflationary increases. If you feel strongly that adjustments to your current budget allocations should be made for 2002, a supplemental budget request may be submitted. We would caution you to submit as supplemental budget requests only those items which you feel are absolutely necessary for the effectiveness of your operation, and which can be cost-benefit justified where feasible. We are also requesting each department to scrutinize its operation for ways to reduce costs without significantly affecting operational performance.

Note: It is the intention of this letter to provide managers responsible for budget submissions with guidance concerning the policies and priorities of the legislative body.

Sample

BUDGET MESSAGE

TO: The Legislative Body

FROM: Budget Officer

SUBJECT: Budget Request - _____

I am pleased to submit for your consideration the 2002 proposed Annual Budget for the City of Example.

Proposed expenditures for 2002, stated on a comparative basis with 2001 and with actual expenditures for 2000 are as follows:

	Expenditures 2000	**Budget 2001**	**Proposed 2002**
Classified Proprietary Services	$1,563,043	$1,850,299	$2,059,135
General Government Services	370,285	418,911	443,142
Security of Persons and Property	1,044,325	1,161,045	1,231,111
Utilities and Environment	285,636	296,211	288,968
Transportation	394,360	400,265	577,570
Economic Environment	11,000	11,000	12,500
Mental and Physical Health	12,588	17,600	13,700
Culture and Recreation	287,675	303,865	332,987
Total Appropriations	$3,968,912	$4,459,126	$4,959,113
Estimated Other Financing Uses: Transfers Out	793,968	754,358	765,310
Total Estimated/Uses	$4,762,880	$5,223,484	$5,724,423

The budget as proposed is approximately 9.6 percent higher than 2000 primarily due to increases in proposed expenditures for streets and proposed water, sewer and equipment rental capital expenditures.

The budget is balanced by a proposed levy of $1,231,934 for general fund purposes, $92,316 for ambulance and emergency aid and $48,160 for general obligation debt service.

The estimated yield from retail sales and use taxes is $271,000, only slightly higher than anticipated for 2001. It is difficult to predict sales tax revenue due to economic fluctuations and construction projects in process in the city.

Budgeted funds do not include any estimated balance to be carried over from the general fund from 2000.

Since Example, unlike other cities, does not utilize utility taxes other than natural gas and cable television, it is not anticipated there will be any significant increases in revenue from any source other than property tax in 2001.

Estimated revenues for 2002 compared to amounts received in 2000 and the latest estimates for 2001 are as follows:

	Actual 2000	Estimated 2001	Estimated 2002
Estimated Beginning Fund Balance	$1,017,155	$ 427,129	$ 420,018
Taxes	1,174,141	1,333,150	1,666,816
Licenses and Permits	26,305	23,850	23,250
Intergovernmental Revenues	356,806	428,469	570,964
Charges for Goods and Services	1,718,593	1,863,953	1,782,546
Fines and Forfeits	77,342	83,500	80,500
Miscellaneous Revenues	607,138	185,975	411,919
Total Estimated Revenues	3,960,325	3,918,897	4,535,995
Total Other Estimated Financing Sources	809,845	877,458	786,410
Total All Estimated Resources	$5,787,325	$5,223,484	$5,724,423

PERSONNEL

Personnel changes in the budget include an additional engineering technician for one-half year in the engineering budget, bringing this staff back to seven people. The ambulance and emergency aid budget includes five paramedics for the complete year as compared to five for one-half year in 2000. The budget includes the position of public works maintenance superintendent, who is the field supervisor for all public works maintenance activities.

Union contracts are being negotiated with three union groups at the present time. The budget does not provide for any salary increase other than normal progressive step increases for those not presently at the top of their position class range.

LAW ENFORCEMENT, FIRE CONTROL AND COMMUNICATIONS

Total costs for law enforcement, fire control and communications are up 6.7 percent from $925,596 to $987,157. The primary increases are in the area of communications which include funds for radio equipment and replacing volunteer and regular firefighters monitor receiving equipment.

GENERAL

$1,200 is appropriated for the city's contribution to the air pollution control authority, the same as 2001. $4,000 is budgeted for general services of the regional planning commission. $16,825 is appropriated for animal control compared to $15,000 for 2001. $13,700 is budgeted for public health and alcoholism programs.

EQUIPMENT RENTAL

Appropriations for the equipment rental operation are $445,506. $206,318 was appropriated for 2001. Several pieces of equipment are in need of being replaced including a 20-yard refuse compactor truck, 1/2-ton pickup,

1-ton dump truck, tractor mower, two police vehicles and a utility trailer. A vacuum sewer cleaner vehicle may be purchased if funds are available.

Many desirable capital improvements such as storm sewer, street resurfacing and rebuilding, and park improvements are not included in the 2002 budget. Hopefully, an increase in the city's tax base for 2003 and beyond will permit the inclusion of some of these essential projects.

Very truly yours,

_____

Mayor

Sample

BUDGET ORDINANCE

Ordinance No. _____

An ordinance adopting the budget for the City of Example, Washington, for the fiscal year ending December 31, 2002.

WHEREAS, the mayor of the City of Example, Washington completed and placed on file with the city clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of said city for the fiscal year ending December 31, 2002, and a notice was published that the council of said city would meet on the 3rd day of December, 2001 at the hour of 7:00 p.m., at the council chambers in the city hall of said city for the purpose of making and adopting a budget for said fiscal year and giving taxpayers within the limits of said city an opportunity to be heard upon said budget; and

WHEREAS, the said city council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Example for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said city for said year and being sufficient to meet the various needs of said city during said period.

NOW, THEREFORE, the City Council of the City of Example do ordain as follows:

Section 1. The budget for the City of Example, Washington, for the year 2002 is hereby adopted at the fund level in its final form and content as set forth in the document entitled (give exact title of your budget book), three copies of which are on file in the Office of the Clerk.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Example, and aggregate totals (net of transactions between funds) for all such funds combined, for the year 2002 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2002 as set forth below:

Fund	Department	Amount
General	Legislative	$15,060
	Judicial	26,970
	Executive	6,840
	Financial and Administrative	179,913
	Legal	26,099
	Personnel	7,900
	Other Governmental Services	87,000
	Law Enforcement	608,886
	Fire Control	301,646
	Detention and/or Correction	1,300
	Emergency Services	2,450
	Communications	42,195
	Facility Engineering	261,095
	Pollution Control	1,200
	Planning	6,350

Fund	Department	Amount
	Other Physical Environment	19,325
	Health	13,700
	Parks and Recreational Facilities	99,050
	Other Financing Uses-Interfund	516,935
	Total General Fund	$2,223,914
City Street		360,100
Arterial Street		323,000
Library		220,537
Emergency Rescue		229,834
Fire Equipment Cumulative Reserve		1,370
Other Financing Uses-Interfund Transfers		61,820
1991 General Obligation Street Bond Redemption		31,310
1995 Library General Obligation Bond Redemption		16,850
City Sanitary		378,874
Water		1,032,702
Other Financing Uses-Interfund Transfers		186,553
1995 Water-Sewer Bond Redemption		168,803
Farmers Home Administration Bond Redemption		17,750
Equipment Rental		445,506
Unemployment Compensation		15,500
Firemen's Pension		10,000
Total All Funds		$5,724,423

Section 3. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the State Auditor's Office and to the Association of Washington Cities.

Section 4. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Passed by the council and approved by the mayor this 3rd day of December, _____.

Signed _____ Attest _____

Mayor Clerk

Approved as to Form:

_____

City Attorney

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The following principles are basic rules of accounting and financial reporting for Category 2 local governments.

ACCOUNTING AND REPORTING CAPABILITIES

1. A governmental accounting system must make it possible to determine and demonstrate compliance with finance-related legal and contractual provisions.

FUND ACCOUNTING SYSTEMS

2. Governmental accounting systems should be organized and operated 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.

TYPES OF FUNDS

3. Presented below is a system to classify all funds used by local government and the assignment of code numbers to identify each type of fund. A three digit code is used: the first digit identifies the fund type and the next two digits will be assigned by the governmental unit to identify each specific fund.

Governmental Funds

Code

000 General (Current Expense) Fund - to account for all financial resources except those required to be accounted for in another fund.

100 Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes (see note after 300 series).

Arterial Highways (RCW 46.68.115)[1]
Emergency
Auditor's Operation and Maintenance Fund (RCW 36.22.170)
Cemetery
City or Town Property Redemption (RCW 35.44.130)
City Street[1]
Contingency
County Arterial Preservation
County Land Assessment (RCW 36.33.120)
County Road
Cumulative Reserve (RCW 35.21.070 and 36.33.020)
Health
Hotel/Motel Tax (Chapter 67.28 RCW)
Jail Industries (RCW 36.110.090)
Library
Park
Rural Arterial Projects
Transportation Improvement Board
Treasurer's Operation and Maintenance Fund (RCW 84.56.020)
Urban Renewal

[1] Cities or towns with populations under 15,000 may combine the street and arterial highways funds.

200 Debt Service Funds - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Use 400 (Enterprise Funds) per debt related to your utilities.

300 Capital Projects Funds - 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).

Arterial Highways (RCW 46.68.115)	Library Improvement
Building	Reserve
Construction	Rural Arterial Projects
County Arterial Preservation	Street Improvement
County Road Projects	Transportation Improvement Board

NOTE: Activities in all of the preceding funds may be properly classified as activities of a "special revenue" or a "capital projects" fund type: Road Fund, Street Fund, Arterial Street, Rural Arterial Projects, Transportation Improvement Board (TIB). Any county or city may classify all of these funds as "special revenue" funds; or may separately classify the construction activities in "capital projects" funds.

700 Permanent Fund – to account for resources that are legally restricted so only earnings, not a principal, may be used to support the reporting government programs for the benefit of the government or its citizens (public-purpose).

Cemetery	Museum
Library	

Proprietary Funds

400 Enterprise Funds – an enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. An enterprise fund is also required for any activity whose principal revenue sources meet any of the following criteria:

- Debt backed solely by fees and charges. If issued debt is backed solely by fees and charges, an enterprise fund must be used to account for the activity.
- Legal requirement to recover cost. An enterprise fund must be used if the cost of providing services for an activity (including capital costs such as depreciation or debt service) must legally be recovered through fees or charges.
- Policy decision to recover cost. It is necessary to use an enterprise fund if the government's policy is to establish activity fees or charges designed to recover the cost of providing services (including capital costs such as depreciation or debt service).

Airport
Ambulance
Cemetery
Convention Centers
Electric
Ferry
Garbage Collection
Gas
Golf Courses
Hospitals and Convalescent Centers
Libraries
Marinas
Multipurpose Centers
Museum
Parking
Railroad
Sewer
Solid Waste Disposal
Stadium
Storm Drainage
Swimming Pools
Transit
Water

NOTE: Separate funds are not required for bond redemption, construction, reserves, or deposits, for any utility. If separated, use 400 series number. Separate funds are not required even though bond covenants may stipulate a "bond reserve fund," "bond construction fund," etc. The bond covenant use of the term "fund" is not the same as the use in governmental accounting. For bond covenants, "fund" means only a segregation or separate account, not a self-balancing set of accounts.

500 Internal Service Funds - 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.

Asphalt Manufacturing
Communications/Alarm/Dispatch
Data Processing
Equipment Rental
Mechanical Shops
Pits and Quarries
Printing and Duplication
Property Management
Purchasing and Central Stores
Risk Management
Unemployment Compensation
Worker's Compensation

Fiduciary Funds

600 Fiduciary Funds - 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. These include (a) private-purpose trust funds, (b) pension (and other employee benefit) trust funds, (c) investment trust funds, and (d) agency funds.

601-610 Investment Trust Funds. Funds used to report the external portion of investment pools by sponsoring government.

611-620 Pension (and Other Employee Benefit) Trust Funds.

Firemen's Pension
Policemen's Pension

621-630 Private-Purpose Trust Funds. Funds used to report all trust arrangements under which principal and income benefit individual, private organization and other government.

Escheat

631-699 Agency Funds

Claims Clearing
Criminal Justice Training
District Court Suspense
Districts (Television, School, Conservation, PUD, Water, Sewer, Health, Hospital, Port, Cemetery, etc.)
DUI Penalties
Fiscal Agency Clearing
Forest Board
Forest Patrol
Judge's Salary
Payroll Clearing Salary
Public Safety Education Assessment
Real Estate Excise Tax
State General
Treasurer's Suspense
Winter Recreational Parking

NUMBER OF FUNDS

4. Governments should establish and maintain the minimum number of funds consistent with legal and operating requirements. Unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

Note that judicious use of department, program, and other subsidiary coding can often satisfy legislative intent.

BUDGETING, BUDGETARY CONTROL, AND BUDGETARY REPORTING

5. a. An annual/biennial budget must be adopted by every government.

b. The accounting system should provide the basis for appropriate budgetary control.

c. Budgetary comparisons must be included in the appropriate financial statements and schedules for funds for which an annual/biennial budget has been adopted.

TRANSFER, REVENUE AND EXPENDITURE ACCOUNT CLASSIFICATIONS

6. a. Interfund transfers, proceeds of general long-term debt issues (and material proceeds of capital asset disposition) should be classified separately from fund revenues and expenditures.

b. Governmental fund revenues should be classified by fund and by the sources indicated in Part 1, Chapter 3. Expenditures should be classified by fund and by the categories indicated in Part 1, Chapter 4.

c. Proprietary fund revenues and expenditures should be classified in essentially the same manner as those of similar business organizations, functions, or activities.

COMMON TERMINOLOGY AND CLASSIFICATION

7. A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund.

INTERIM AND ANNUAL FINANCIAL REPORTS

8. a. Appropriate interim financial statements and reports of 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. (RCW 35.33.141, 35A.33.140 and 36.40.210)

b. Annual reporting requirements are prescribed by the State Auditor's Office. See Part 4 for details.

INTRODUCTION

This section contains the internal control standards to be followed by local governments in establishing and maintaining systems of internal control. Internal control systems are to reasonably ensure that the following objectives are achieved:

Expenditures and commitments comply with applicable law.

Assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

Transactions are recorded properly so that reliable financial and statistical reports can be prepared and accountability for assets is maintained.

The following concept of internal control is useful in understanding and applying the internal control standards set forth and discussed on succeeding pages:

> An internal control system consists of the plan of organization and methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

The ultimate responsibility for good internal controls rests with management. Internal controls should not be looked upon as separate, specialized systems. Rather, they should be recognized as an integral part of each system that management uses to regulate and guide its operations. In order to ensure the proper conduct of government business, management must periodically review its internal control systems. This review should be sufficient in scope to provide the answers to several basic questions:

- Are the systems we have in place adequate to manage and account for our resources, meet our goals and objectives, and insure compliance with state and federal regulations?
- Is there an audit trail from our reports to our source documents or will we have to rely on someone to "remember" the facts?
- Are all our departments properly using the systems we have in place and are they complying with our internal policies and procedures?
- Have we strengthened our system of internal control by segregating duties among our employees to provide crosschecks and by providing for the physical security of our assets (e.g., official prenumbered receipts, locking cash drawers, regular inventories, etc.) to the maximum extent practicable?

These are the broad questions your auditor will also seek to answer through the course of his or her audit. If you are satisfied with the results of your review, then there is a much greater likelihood that your auditor will also be satisfied. If you identify problem areas, then you have an opportunity to discuss them with your auditor and to correct them before the auditor is obliged to comment on the problems in his or her report.

The following internal control standards, based on those established by the U.S. General Accounting Office, define the minimum level of quality acceptable for internal control systems in operation and constitute the criteria against which systems will be evaluated. These internal control standards apply to all operations and administrative functions but are not intended to limit or interfere with duly granted authority related to development of legislation, rulemaking, or other discretionary policymaking in an agency.

INTERNAL CONTROL STANDARDS

Introduction

These internal controls policies are based on the 1994 report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standards adopted by the American Institute of Certified Public Accountants and the federal Office of Management and Budget.

Internal control is defined in the COSO report as follows:

> Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
>
> - Effectiveness and efficiency of operations
> - Reliability of financial reporting
> - Compliance with applicable laws and regulations

What does this mean for local entities?

Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies.

Basic internal control requirements

Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

An internal control system should provide *reasonable assurance* that an entity will accomplish its objectives. The concept of reasonable assurance recognizes that the cost of an internal control activity should not exceed the benefit derived from it. Reasonable assurance equates to a satisfactory level of confidence given considerations of costs, benefits, and risks.

The entity's management must identify and analyze the own risks to determine how those risks should be managed. Management defines the level of risk that the entity is willing to accept and strives to maintain risks within those levels.

Each entity should adopt methods to assess risk and review control activities. The methods developed should address each entity's own specific needs.

Components of internal controls

The five components of good internal controls within a management control system are:

1. **Control environment** - The control environment sets the tone of an entity. It influences the control consciousness of its people and it is the foundations for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's staff; management's philosophy and operating style; the way management assigns authority and responsibility; the way management organizes and develops its staff; and the attention and direction provided by the board.

2. **Risk Assessment -** Every entity faces a variety of risks from external and internal sources, all of which must be assessed. Risk assessment is the identification and analysis of relevant risks to achieving the objectives and forms a basis for determining how risks should be managed. Because economic, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change.

3. **Control Activities** - Control activities are the internal policies and procedures that help ensure management directives are carried out. They help ensure necessary actions are taken to address risks to achieving the government's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets and segregation of duties.

4. **Information and Communication** - Pertinent information must be identified, captured, and communicated in a form and time frame that enables people to carry out their responsibilities. Information systems produce reports containing operational, financial, and compliance related information, making it possible to run and control the entity.

   Effective communication is also essential with external parties, such as taxpayers, vendors, legislators and other interested parties.

5. **Monitoring -** Management systems and internal activities need to be monitored to assess the quality of their performance over time. Assessment is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Ongoing monitoring occurs in the course of operations, including regular management and supervisory activities and other action personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Deficiencies should be reported upstream, with serious matters reported to top management.

Answers to some common questions about internal control

What is a risk assessment?

A risk assessment is an ongoing process to identify, analyze, and manage risk. An entity needs a plan to identify both external and internal risks. The plan will help management understand how those risks affect their activities, assess their significance, manage their effect and provide for continuous monitoring. The following are some examples of external and internal risks:

- External risks arise from activities outside the entity. Technological developments, changing public expectations, legislative directives, natural catastrophes and economic changes all have the potential for creating external risks in a entity.

- Internal risks are less predictable and arise from activities inside the entity. Disruption of the computer systems or telephone systems causes obvious operational problems. When new managers are hired, changes in management style can affect internal control objectives.

How do you identify risks?

Identification of risks can start from existing systems. The budget process, audits, strategic planning, and other chapters included in this manual all provide opportunities for managers to conduct quantitative and qualitative reviews and to identify and prioritize. More informal opportunities include management planning meetings, meetings with auditor, and everyday interaction with staff.

More important than the specific method used to identify risks is management's careful consideration of factors unique to the entity. Some key factors, such as an entity's past experience in failing to meet objectives, staff quality, statutory framework, or the significance and complexity of activities in relation to the entity's mission, should receive management's careful consideration.

By analyzing organizational activities, managers apply risk assessment to functions. Successfully managing risk at the activity level is vital to maintaining an acceptable level of risk for the organization.

What is risk analysis?

Risk analysis involves a careful, rational process of estimating the significance of a risk, assessing the likelihood of its occurrence and considering what actions and controls need to be taken to manage it. Risk analysis also involves estimating the cost to the entity if something does go wrong. That analysis is based on the entity's assumptions about the risk and costs associated with reducing it. Sometimes an actual risk may appear to require one set of actions, but the perceived risk coupled with media reaction to that risk, requires a more expensive set of actions.

It is also important to recognize the distinction between risk assessment (a part of a management control system) and actually managing risk (part of an organization's operations). Limitations on resources will define the level to which risks can be managed.

How do you control or minimize risk?

Control of risk starts with management deciding on the actions necessary to reduce the potential occurrence and significance and the monitoring conditions to remain aware of changing circumstances. Management tools for an early warning system include information systems and ensuring appropriate data is captured, processed, and reported.

If an entity builds its components of a management control system into its planning efforts as well as its daily activities, it is more likely to avoid unnecessary costs; make quick responses as needs arise; and adapt to decreasing resources and changing political and economic climates.

Do control activities increase staffing requirements?

Although control activity procedures are not intended to increase staffing levels, acceptable procedures are to be established and followed which may require changes in existing workloads and/or additional staff position (s). However, a periodic thorough internal review of control activities may identify policies and procedures that are no longer required. It is recognized that some small to medium entities may not be able to institute internal controls on the same level as larger, more complex entity's. In those cases where staffing may prohibit or restrict the appropriate segregation of duties, management must either have more active oversight of operations or utilize personnel from other organizational units to the extent possible as compensating controls.

More about control activities

The control activities presented in this section are intended to provide management and other staff with an overview, the use and potential limitations of control activities to manage the risk of achieving the entity's objectives.

Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to the achievement of an entity's objectives. Control activities occur throughout the entity at all levels and in all functions.

Control activities are actions taken to minimize risk. The need for a control activity is established in the risk assessment process. When the assessment has identified a significant risk to the achievement of an objective, a corresponding control activity should be determined. If control activities are in place for each significant operation and if management makes sure those activities are carried out properly, staff can be reasonably confident the management control system will provide the necessary assurances.

Control activities and procedures should be considered to ensure the entity is in compliance with the BARS Manual, the Revised Code of Washington, the Code of Federal Regulations, the Washington Administrative Code and other applicable regulatory policies. Generally, those activities and procedures may be categorized into one of the following areas and completed by personnel at various levels:

- **Top-level performance reviews** - Performance reviews should be made of actual performance versus budgets, forecasts, and performance in prior periods. Major initiatives should be tracked and management actions taken to analyze and follow up where appropriate.
- **Direct functional or activity management reviews** - Performance reviews should be made of specific functions or activities. The reviews may focus on compliance, financial, or operational issues.
- **Informational processing -** A variety of control activities should be performed to check the accuracy and completeness of information as well as the authorization of transactions. Development of new systems, and changes to existing ones should be controlled. Additionally, access to programs and data should be restricted.
- **Physical controls** - Equipment, inventories, cash and other assets should be secured physically and periodically counted and compared with amounts shown on control records.
- **Performance indicators -** Certain operating results can be anticipated. By investigating unexpected results or unusual trends, circumstances that jeopardize the achievement of objectives can be identified.
- **Segregation of duties** - Duties are divided, or segregated, among different people to reduce the risk of error or inappropriate actions. For example, responsibilities for authorizing transactions, recording them and handling the related assets should be separated.

What are some potential limitations of control activities?

Control activities, no matter how well designed and executed, can provide only reasonable assurance regarding achievement of objectives. The likelihood of achievement is affected by limitations inherent in all control systems. These limitations include the following:

- **Judgment** - The effectiveness of controls will be limited by the fact that decisions must be made with human judgment in the time available, based on information at hand, and under the pressures to conduct business.
- **Breakdowns** - Even if control activities are well designed, they can break down. Personnel may misunderstand instructions or simply make mistakes. Errors may also stem from new technology and the complexity of computerized information systems.
- **Management override -** Even in effectively controlled organizations, high level personnel may be able to override prescribed policies or procedures for personal gain or advantage. This should not be confused with management intervention, which represents management actions to depart from prescribed policies or procedures for legitimate purposes.
- **Collusion** - between two or more individuals can result in control failures. Individuals acting collectively often can alter financial data or other management information in a manner that cannot be identified by the control system.
- **Cost vs. benefit** - In determining whether a particular control activity should be established, the risk of failure and the potential effect must be considered along with the cost of establishing the control. Excessive control is costly and counterproductive. Too little control presents undue risk. Entities should make a conscious effort to strike an appropriate balance.

COMMON EVENT CYCLES AND SUGGESTED CONTROL OBJECTIVES IN FEDERAL AGENCIES

This attachment presents a list of event cycles commonly found in Federal agencies and agency components. Also included are certain types of assets that are highly susceptible to loss and for which controls are vital, e.g., cash, materials and supplies. Finally, the list provides suggested control objectives for each event cycle/type of asset.

Event cycles are the processes used to initiate and perform related activities, create the necessary documentation, and gather and report related data. In other words, an event cycle is a series of steps taken to get something done. Each program and administrative function performed within an agency or agency component contains one or more event cycles. For example, an entitlement program could contain the following event cycles: information gathering and verification, eligibility determination, information processing and record keeping, payment, and monitoring. The event cycles for an administrative function could include payroll, procurement of supplies and materials, correspondence handling, etc.

The purpose of the list is to help agencies and agency components identify the event cycles and types of assets and control objectives that need to be considered when performing internal control reviews. The list is neither all inclusive nor mandatory. Agencies will probably operate event cycles not included on the list and certainly will not operate all cycles included in the list. Also, internal control objectives listed may not be appropriate for a particular situation. Accordingly, each agency should use this list as a guide to identify event cycles and develop internal control objectives for its programs and administrative functions that are covered by these guidelines. (Similar lists are available from the General Accounting Office, professional associations, and private organizations.)

Finally, in establishing control objectives and control techniques, as well as in performing internal control reviews, agencies should be mindful of the inherent limitations (budget constraints, statutory and regulatory restrictions, staffing limitations, etc.) which constrain agency action. Such limiting factors need to be considered in determining whether there is reasonable assurance that the control objectives are being achieved.

I. OPERATIONS CYCLES

The operations cycles are intended to encompass the agency's program activities that are subject to these guidelines. The differences in agency missions make it impossible to develop a representative list of operations cycles and corresponding control objectives. Hence, each agency/agency component should examine its own programs and define the appropriate event cycles and control objectives.

The following are the operations cycles for some typical government programs and the internal control objectives for these cycles.

A. Production Activities

The primary internal control objectives normally associated with production activities include the following:

1. A production plan is authorized defining the products to be manufactured, the timing and quantities of production, and the needed inventory levels.

2. Lead time schedules are timely and accurate and permit realistic due dates.

3. Product quality and engineering standards exist and are monitored to ensure that quality products are produced as efficiently as possible.

4. Production controls exist to ensure that the plant is operating with the optimum mix of resources including labor, equipment, and materials.

5. Production controls exist to prevent the manufacture of unauthorized products or quantities of products.

6. Resources used and products completed are timely and accurately reported.

7. Production costs are computed accurately and recorded timely.

8. Recorded balances of inventory, property, and related activity are periodically substantiated and evaluated.

B. Loans and Loan Guarantees

The primary internal control objectives normally associated with loans and loan guarantees include the following:

1. Applications for loans and loan guarantees are evaluated for appropriateness of eligibility, collateral, if required, and other qualifying criteria prior to approval.

2. Security interest in property used as collateral is properly recorded, filed, and documents secured by a responsible custodian.

3. Accurate receivables agings are prepared systematically and timely.

4. Loan and loan guarantee repayments are collected, controlled and reported in a manner that is consistent with applicable appropriations, other law, and policy.

5. Periodic estimates are made of uncollectible loan balances with such estimates timely reported to management.

6. Proper write-off, conversion, and settlement or forgiveness of delinquent loans is assured.

C. Grants

The primary internal control objectives normally associated with grants include the following:

1. Accurate maintenance of the factors used in distribution formulae for entitlement grants.

2. Grantees' program eligibility requirements are sufficiently detailed to ensure that the program beneficiaries and other interested parties understand the qualifications to receive prescribed benefits.

3. Grantees maintain sound organizational, budgetary and accounting systems that are periodically reviewed and evaluated.

4. Grantees' procurement procedures comply with regulations.

5. Grantees properly maintain, safeguard, and account for government financed property and equipment.

6. Grantees maintain current cost allocation plans and overhead rates.

7. Grantees are paid only for allowable costs and amounts.

8. Financial and compliance audits of grantee activity are performed at least once every two years.

9. Prompt and appropriate grant close-out actions are taken.

II. INTERNAL MANAGEMENT AND ADMINISTRATION CYCLES

A. Organization

The primary internal control objective normally associated with organization includes the following:

1. Responsibility for the performance of all duties is specifically assigned and appropriately separated along with necessary delegations of authority to sufficient numbers of qualified employees.

B. Personnel Policies And Practices

The primary internal control objectives normally associated with personnel policies and practices include the following:

1. Personnel ceilings are strictly enforced.

2. Recruitment, training, evaluation, and termination practices are operating in accordance with applicable laws and regulations and in a manner that promotes economy and efficiency of operations.

3. Appropriate standards of conduct are communicated and enforced.

4. Employment records are promptly, completely and accurately established with proper safeguards against unauthorized access or the preparation of fictitious records.

C. Administrative Support Services

The primary internal control objectives normally associated with administrative services include the following:

1. Services provided meet the organization's legitimate needs.

2. Services are conducted in a manner that promotes economy and efficiency in operations.

3. Safeguards exist to prevent unauthorized or wasteful use of such services.

   a. Periodicals, Pamphlets, and Audiovisual Products

      - Periodicals, pamphlets, and audiovisual products are related to agency mission, contribute to solution of an identifiable need, and are appropriate in format and scope for the intended audience.

      - Periodicals, pamphlets, and audiovisual products are not duplicative of other materials that convey the same message.

- Periodicals, pamphlets, and audiovisual products are produced or acquired in a cost-effective manner.

- Completed periodicals, pamphlets and audiovisual products are consistent with the planned product and distributed in conformance with an approved distribution plan.

b. Consulting and Related Services

- Services are secured for an appropriate purpose, i.e., to obtain specialized opinions or professional or technical advice which does not exist or is not available within the agency or another agency, outside points of view to avoid excessively limited judgments on critical issues, advice regarding developments in industry, university, or foundation research, opinion of noted experts whose national or international prestige can contribute to the success of important projects, or assistance to complete a necessary project within a specified period of time.

- Services are not used to perform work of a policy/decision-making or managerial nature that is the direct responsibility of agency officials, or to bypass or undermine personnel ceilings, pay limitations, or competitive employment procedures; or to aid in influencing or enacting legislation.

- Services are secured through maximum competition, without preference to former government employees.

- Payments for services bear a relation to work completed.

- Services provided meet the organization's specific needs and advice and recommendations are implemented, unless there are valid reasons to the contrary.

c. Long-Term Training

- Long-term training is provided only when the necessary knowledge or set of skills requires a comprehensive study program which cannot be accomplished by a series of unconnected short-term courses; the time span for the acquisition of the knowledge or skill is such that a concentrated or long-term program is most feasible; and the set of knowledges or skills is so complex, new or unique that it cannot be readily obtained on a short-term basis or through other means.

- Nominees continue in agency service for an appropriate period following completion of long-term training.

- Long-term training is relevant to selected employees' current and/or projected assignments, required skills and knowledge, individual development plan, and career potential; and is appropriate for his or her commitment to the organization and Federal service.

d. Space Acquisition and Utilization

- Need for and intended use of space is adequately justified.

- Requesting unit conforms with space allowance standards.

- Request cannot be met by realignment of existing space assignments or use of vacant or under-utilized space.

- Space is leased on the most favorable basis to the Government, with due consideration to maintenance and operational efficiency.

- Lease charges are consistent with prevailing scales in the community for comparable facilities.

- Legal requirements, such as facilities for the handicapped and fire safety features, are satisfied.

- Lease contains provisions necessary to administer the agreement, such as duration of lease, including clearly stated renewal rights; base for future escalations; liquidated damages provision; stated costs for overtime usage; and termination rights.

- Lease conforms with agency and Administration goals and priorities and legal requirements.

D. Advisory and Technical Services

The primary internal control objectives normally associated with advisory and technical services include the following:

1. Services provided meet the organization's legitimate needs.

2. Services are conducted in a manner that promotes economy and efficiency in operations.

3. Safeguards exist to prevent unauthorized or wasteful use of such services.

E. Security and Safeguarding of Classified Material

The primary internal control objectives normally associated with security and safeguarding classified material are the following:

1. Documents are appropriately classified.

2. Appropriate safeguards exist to prevent unauthorized access to classified materials.

F. Audit Followup

The primary internal control objectives normally associated with audit followup include the following:

1. Audit resolution and corrective actions pertaining to audit recommendations are made on a timely basis.

2. Audits resolved and corrective action on audit recommendations are scheduled in accordance with specific criteria.

3. Accurate records of the status of audit reports and recommendations are maintained through the entire process of resolution and corrective action.

4. Major disagreements between the audit organization and agency management or contracting officials are resolved on a timely basis.

5. Resolution actions are consistent with law, regulation, and Administration policy.

6. Resolution and correction action on recommendations involving more than one program, agency, or level of government are coordinated.

7. Required reports are reliable, accurate, and submitted on a timely basis.

8. Claims arising from audit disallowances are promptly recorded as receivables and collected in accordance with the Federal Claims Collection Act.

9. Interest on audit-related debt is charged promptly, without regard to whether the disallowance is or will be appealed.

III. INFORMATION PROCESSING AND REPORTING CYCLES

A. Information Collection

The primary internal control objectives normally associated with information collection are the following:

1. Information collected is meaningful and useful.

2. Information collected is reliable.

3. Information is arranged in an orderly fashion.

4. Information is maintained on a current basis.

B. Correspondence Handling

The primary internal control objectives normally associated with correspondence handling are the following:

1. Correspondence is channeled to the appropriate parties.

2. Replies are made promptly, accurately and responsively.

C. Records Maintenance

The primary internal control objectives normally associated with records maintenance are the following:

1. Records are readily available.

2. Records are adequately protected.

3. Only necessary records are retained.

D. Automatic Data Processing

The primary internal control objectives normally associated with automatic data processing are as follows:

1. Proper authorization of transaction inputs, adequate edit checks, and necessary safeguards of sensitive input forms to insure accurate, proper, complete and timely entry of information.

2. Data is safeguarded to prevent unauthorized access, improper changes, or loss.

3. Appropriate controls exist to detect unauthorized use of the system.

4. Outputs are produced accurately, completely and timely.

IV. ASSET AND LIABILITY CYCLES

A. Cash

1. Physical security safeguards are maintained where cash is stored and processed.

2. Cash, check signing machines, signature dies, and blank, partially prepared, mutilated, and voided checks are protected from unauthorized use.

3. Receipts are recorded properly and timely and deposited promptly.

4. Disbursements are recorded properly and timely.

5. An effective cash management system is maintained.

B. Negotiable Instruments and Other Investments

The primary internal control objectives normally associated with negotiable instruments and other investments include the following:

1. Physical security safeguards are maintained where negotiable instruments and other investments are stored and processed.

2. Bonds, drafts, and other securities are protected from unauthorized use.

3. Timely and accurate accounting is maintained.

4. Investments comply with legal requirements.

5. Interest and other investment income is collected promptly when due.

C. Letters of Credit

The primary internal control objectives normally associated with letters of credit include the following:

1. Letters of credit are issued only to large dollar recipients who have a continuing relationship with the Federal Government and an adequate cash management system.

2. Amounts available under letters of credit do not exceed available award authority or immediate cash needs.

3. Assurance exists that funds are used only for intended purpose.

4. Cash balances in recipients' hands do not exceed recipients' needs.

D. Receivables

The primary internal control objectives normally associated with receivables include the following:

1. Prompt and accurate recording of all receivables.

2. Ability to determine and report sources and age of receivables.

3. Continuous and timely attempts are made to collect receivables due.

4. Identification of the portion of the receivables that may not be collectible.

5. Validity of write-offs, conversions, and settlement or forgiveness of receivables.

6. Repayments collected, controlled and reported in a manner consistent with applicable law and regulations.

7. Title to property used as collateral is properly recorded, filed, and secured.

E. Capital Assets And Materials Inventories

The primary internal control objectives normally associated with capital assets and materials inventories include the following:

1. Only authorized and needed property is procured.

2. Receipts of property are recorded timely and accurately in source documents and accounting records.

3. Detailed subsidiary records are maintained for individual capital assets and significant categories of materials inventories and are periodically reconciled to control accounts.

4. Periodic physical verification is made of the existence and condition of property and inventories.

5. Physical security measures are commensurate with the size, type and value of property.

6. Issues, transfers, retirements, and losses are reported and accounted for timely.

7. Assets are properly requisitioned and used exclusively for government activities.

8. Records of asset use are accurately maintained.

F. Payables, Debt, and Other Liabilities

The primary internal control objectives normally associated with payables, debt, and other liabilities include the following:

1. All payables and other claims against the Government are recorded promptly and accurately.

2. Prepayment examinations and certifications of performance are made to ensure validity and clerical accuracy of claims prior to payment.

3. Debt and other long-term liabilities are properly authorized, recorded and serviced in accordance with applicable laws and regulations.

G. Fiduciary and Trust Funds

The primary internal control objectives normally associated with fiduciary and trust funds include the following:

1. Liabilities to others are recorded properly.

2. Detailed subsidiary records are maintained and are periodically reconciled to control accounts.

3. Funds are handled in accordance with applicable law and regulations.

4. Effective control is maintained by responsible officials.

5. Benefits and other disbursements are subject to comparable controls to other payments.

V. RECEIPTS CYCLES

A. Taxes and Duties

The primary internal control objectives normally associated with taxes and duties include the following:

1. Taxing programs are applied to all individuals and organizations subject to taxes.

2. Tax returns and assessments are reasonably correct.

3. All receipts are recorded accurately and timely.

4. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

5. Settlements, allowances, and refunds are properly authorized.

6. Taxing programs are administered in accordance with applicable laws and regulations.

B. Services Rendered

The primary internal control objectives normally associated with services rendered include the following:

1. Revenues are recorded immediately as services are rendered with accounts receivable promptly set up and billed on a timely basis if not paid in full.

2. Receipts are recorded accurately and timely.

3. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

4. Services rendered and related charges are conducted in accordance with applicable laws and regulations.

C. Other Sales

The primary internal control objectives normally associated with other sales include the following:

1. Sales are recorded immediately as items are sold with accounts receivable promptly set up and billed on a timely basis for non-cash sales.

2. Receipts are recorded accurately and timely.

3. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

4. Sales of goods, property, equipment, bonds, notes, and other items are conducted in accordance with applicable laws and regulations.

D. Fines, Penalties, and Judgments

The primary internal control objectives normally associated with fines, penalties, and judgments include the following:

1. Fines, penalties, and judgments are levied on or sought from individuals and organizations as required by laws or regulations.

2. Fines and penalties are charged at the proper statutory rate.

3. All receipts are recorded accurately and timely.

4. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

5. Rescissions and forgivenesses are properly authorized.

E. Other Receivable Collections

The primary internal control objectives normally associated with other receivable collections include the following:

1. All receipts are recorded accurately and timely.

2. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

3. Procedures for effecting collection, including offset and installment payments, are utilized on a timely basis.

F. Other Receipts

The primary internal control objectives normally associated with other receipts include the following:

1. All receipts are recorded accurately and timely.

2. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

3. Moneys are requested and received in situations where warranted in accordance with applicable laws and regulations.

VI. DISBURSEMENT CYCLES

A. Payroll, Pensions and Other Fringe Benefits

The primary internal control objectives normally associated with payroll, pensions and other fringe benefits include the following:

1. Appropriate authority exists for the appointment, change, and termination of all personnel.

2. Compensation and benefit payments are in accordance with current statutory or regulatory limitations.

3. Payments are made only in return for services rendered.

4. Gross and net payroll amounts and payroll deductions are correct.

5. Payroll charges, including fringe benefits, are recorded and distributed promptly.

6. Timely, accurate and complete subsidiary records are maintained of vacation, sick leave and other balances.

B. Federal Assistance Payments To Other Governmental Units and Individuals

The primary internal control objectives normally associated with Federal Assistance payments to other governmental units and individuals include the following:

1. Disbursements are valid and properly approved.

2. Disbursements are recorded promptly and accurately to the appropriate accounts.

3. Payments are within budget limits and in accordance with applicable laws, regulations and agreements.

4. Payments are made only to eligible recipients for eligible costs.

5. Payments are made promptly and in full.

C. Procurement and Acquisition

The primary internal control objectives normally associated with procurement and acquisition include the following:

1. All purchases are authorized within budget limits and made in accordance with applicable laws, regulations and agreements.

2. Government has paid lowest prices commensurate with quality, service, delivery and reliability.

3. Purchases and acquisitions are received and examined for acceptability.

4. Disbursements are valid and properly approved.

5. Disbursements are made on a timely basis.

6. Disbursements are recorded promptly and accurately to the appropriate account.

D. Travel Advances and Reimbursements

The primary internal control objectives normally associated with travel advances and reimbursements include the following:

1. Travel reimbursements and advances are provided only for properly authorized travel.

2. Amounts paid are in accordance with applicable government travel regulations.

3. Reimbursements are timely, properly approved, and properly recorded to the appropriate accounts.

4. Advances are liquidated within reasonable time periods.

E. Other Expenditures

The primary internal control objectives normally associated with other expenditures include the following:

1. Expenditures are valid and properly approved.

2. Expenditures are recorded promptly and accurately in the appropriate accounts.

3. Debt service requirements, refunds, valid claims and other appropriate payments are made timely in full accordance with applicable laws, regulations, and agreements.

The **electronic funds transfer** (EFT) is the deposit to or disbursement from a bank account by means of wire or other electronic communication. RCW 39.58.750 governs the circumstances under which electronic fund transfers may be used. We prescribe the following accounting procedures:

1. Receiving money by the EFT:

   a. Prepare a treasurer's receipt upon receiving notice from the payor that the funds have been transferred to your bank account. Do not wait for the bank to notify you of receipt of the funds. However, you may want to contact your bank to confirm the expected funds have arrived.

      Enter the following information on the receipt:

      - Date of receipt.
      - Name of person, company or agency transferring money into your account.
      - Name and number of fund(s).
      - BARS or other accounting system revenue account number.
      - Notation that funds were received by the EFT.

   b. A file must be maintained of those payors who have agreed in writing to add money to your account electronically.

2. Disbursing money by the EFT:

   a. Prepare a record which shows:

      - Chronological number of the EFT payment.
      - Time and date of disbursement.
      - Payee - name, address and account number.
      - Amount of disbursement.
      - Purpose of disbursement.
      - BARS or other accounting system expenditure account number.
      - Name and number of fund(s).
      - Disbursing bank's unique transaction identification number, if available.
      - Receiving bank or financial institution's identification number.

   b. A file must be maintained of authorizations signed by payees who have thereby agreed to have money added to their accounts electronically.

   c. The treasurer should notify the disbursing bank that access to files, records and documentation of all EFT transactions involving the treasurer should be provided to the State Auditor when required for the conduct of the statutory post audit.

Cash receipting is a very important function of all governments. Listed below are requirements for deposits and receipt forms. Also provided are recommended internal control procedures for cash receipts. Internal controls are responsibility of the management.

1. Deposits.

   a. Every public officer and employee, whose duty it is to collect and receive payments due or for the use of the public, should deposit such monies collected or received by him/her with the treasurer of the local government once every twenty-four hours. The treasurer of the local government may at his/her discretion grant an exception where such daily transfers would not be administratively practical or feasible (RCW 43.09.240).

   b. Deposits must be made intact and the composition of checks and cash must match the mode of payment listed on the deposit slip and related receipt forms.

   c. Checks must be restrictively endorsed "For Deposit Only" immediately upon receipt.

2. Receipt Forms (manual or automated).

   a. Receipt forms must be pre-numbered and imprinted with the name of the local government.

   b. Receipt forms must include the following information:

      - Name of payor (address if feasible).
      - Amount received.
      - Mode of payment (cash, check, credit card, other).
      - Purpose of payment.
      - Name of employee who prepares receipt.

   c. Generic receipt forms should not be used (e.g., Rediform, etc.).

   d. In instances where cash is received at decentralized locations (e.g., police department, parks department, etc.), the local government treasurer may combine those receipts onto one treasurer's receipt. The treasurer's receipt should indicate the total amount received from each location as well as the appropriate account codes.

   e. If a receipt is voided, the original and any copies of that receipt must be retained.

3. Internal Controls.

   The following internal controls enable local governments to properly account for and safeguard cash receipts. These controls are recommended for all local governments.

   a. Two employees should open the daily mail and prepare a list of cash and checks received (remittance list). This may not be feasible at departments/governments having limited staff. In such a case, the entity should implement a system of supervisory review of the remittance list and bank deposits.

b. The daily deposit should be prepared by someone other than the person who received the payment. As noted above, this control may not be feasible at departments/governments having limited staff. In such a case, the entity should implement a system of supervisory review of the remittance list and bank deposits.

c. Checks received in the mail should be briefly reviewed for accuracy (e.g., proper payee, date, signature of payor, etc.). Checks with obvious inaccuracies should not be included in the deposit. In such a case, the entity should contact the payor and request that the payment be corrected or reissued.

d. The daily remittance list should be compared (reconciled) to daily deposit slips and to the cash receipts journal (or check register) on a regular basis. This should be performed by someone other than the employee who prepared the remittance list. Any shortage should be resolved.

e. A duplicate copy of the bank-validated deposit slip showing the composition of receipts should be retained by someone other than the employee making up the deposit.

f. A monthly bank statement reconciliation should be performed by an independent person who does not have cash custody or bookkeeping responsibilities over cash. Any differences that are identified during the monthly bank reconciliation should be researched and resolved.

g. The daily deposit should be delivered to the bank in the bank bags and should have locks or other tamper-proof devices.

h. Cash receipts should be properly protected during the operating day and secured in a safe or vault overnight. Access to the cashiering area should be appropriately restricted whenever possible.

i. Access to the safe or vault should be limited and combination should be changed periodically. In addition, the safe and vault combination should be changed after employees terminate employment.

j. If the entity utilizes cash registers, there should be only one change fund and one cash register (or drawer) per cashier. This enables the entity to affix responsibility for cash to a specific individual at all times.

k. Accounting manuals or policies should contain instructions for identifying cash receipts and for dating cash receipts journal entries for that day's receipts.

1. Accounting For State Unemployment Compensation

All local governments have a choice between either the tax basis or in-lieu contribution basis for making payments to the Department of Employment Security (DES) (RCW 50.44.030). The accounting procedures for the two options, by type of local government, are detailed below:

OPTION 1 - TAX (CITIES/TOWNS/COUNTIES) (RCW 50.44.035)

Contact the Department of Employment Security (DES) to determine the appropriate tax rate(s) and maximum taxable wages for your particular unit of government. Apply the rate to all functional expenditure accounts that have direct salary or wage charges, using the employer fringe or personnel benefits subobject applicable to your local government, each time a payroll is prepared. Do not apply the rate to salaries and wages of the following: (1) elected officials; (2) Job Training Partnership Act (JTPA) employees to the extent their earnings are within the maximum gross pay allowable under the JTPA programs; or, (3) policy-making employees that do not work more than eight hours per week.

Remit unemployment taxes quarterly to the Department of Employment Security.

OPTION 2 - IN-LIEU CONTRIBUTION (REIMBURSEMENT) (RCW 50.44.060)

All local governments may use Option 2. Under this option, the DES will pay unemployment claims and then bill the local governments for reimbursement.

Method A — When the DES bills your local government for a claim, post to the functional expenditure accounts for the claim as in Option 1.

Method B — Create an internal service fund for unemployment - Unemployment Compensation Fund. The purpose of this fund is to receive periodic cash contributions from operating funds. The amount of these cash contributions depends on the estimate of future unemployment claims. The estimates should be adjusted periodically, based on an experience. There may be different rates for departments and funds within the same government. The periodic cash contributions from operating funds should be charged to the functional expenditure accounts in the operating funds in the same manner as premium payments paid to the DES. Payments to the DES must be made from the Unemployment Compensation Fund. Interest earnings on investment of the contributions may be used for the benefit of the Unemployment Compensation Fund (thereby reducing charges to the operating funds) or the general (current expense) fund per RCW 35.39.034. An ordinance or resolution must govern this choice.

Method C — The local government may participate with other local governments in an unemployment pool or cooperative as provided for in RCW 39.34.030. If you participate in such a cooperative, the contributions from your funds should be charged as expenditures functionally according to the applicable chart of accounts. In this case, the pool or cooperative will pay the billed amounts to the DES.

Rates charged to the participants should be adjusted periodically based on the experience of each participant.

Since claims made by the DES must be paid by statute, it is not necessary to appropriate funds for their payment. However, we recommend that appropriations be made by local governments.

2. Deferred Compensation Plans -- Internal Revenue Code -- Section 457

RCW 41.50.770 authorizes all political subdivisions to defer income for all officials and employees. This statute also allows political subdivisions to enter into agreements with certain institutions, such as banks, savings and loan associations and insurance companies, to establish deferred compensation plans for the benefit of their employees. These plans must be in conformity with the requirements of Section 457 of the Internal Revenue Code.

Deferred compensation plans permit employees to accept less than the full amount of salary earned thus reducing their current federal income tax liability. The amount by which the salary is reduced is invested by the employer and upon retirement, disability, termination, unforeseen emergency, or death may be withdrawn by the employees or their beneficiaries.

The plan must be established correctly and administered properly so that the Internal Revenue Service (IRS) does not rule that the plan is not in conformity with the requirements of Section 457 of the Internal Revenue Code.

Because of the many plans available, it is strongly recommended that any local government which intends to establish a deferred compensation plan seek legal counsel to determine conformance with the Internal Revenue Code, Section 457, effective August 20, 1996[1], and obtain approval of the chosen plan by the district.

Caution should be exercised in implementing a plan, not only to protect the employer's legal liability, but also to prevent undue administrative complexities. No one can identify all problem areas of deferred compensation plans and their administration, as many problems may surface as a result of choosing a particular carrier, product or administrative system. Some major administrative requirements are as follows:

a. Make Written Agreements With Plan Administrator

All local government deferred compensation plans should provide for written agreements which clearly define the duties and responsibilities of the employer and the administrator.

b. Keep An Employee File For Each Employee

A file to keep a deferred compensation record for each participating employee is necessary. Most carriers will provide the forms and basic accounting information for the employer, but the employer is responsible for maintenance of the files.

The participating employees must complete and sign joinder agreements stipulating the amount of their gross salaries or wages to be deferred. The local government should also maintain a written agreement which details any responsibilities of the employer for contributions, fees, charges, earnings, losses and withdrawals.

[1] The deferred compensation plan was revised by the H.R. 10 which was included in the Economic Growth and Tax Relief Reconciliation Act of 2001 and signed into law on June 7, 2001.

c. Withdrawals

The procedures for withdrawals should be clearly defined and the employer should be very careful in accepting any employee requests for amounts to be withdrawn from accumulated deferred compensation assets for unforeseeable emergencies, as any employee withdrawal granted which does not qualify under Internal Revenue Code Section 457 could cause the entire deferred compensation plan for all employees to be considered in violation and invalid by the IRS.

Normally, all withdrawals as a result of retirement, disability, termination, unforeseen emergency or death, will be paid to the employer by the bank, credit union, or other institution (the agent) with which the employer (the principal) has the agreement.

In such cases, the employer will receipt for the payment referred to above, deduct the appropriate amount for federal income tax withholding and disburse the remaining amount to the employee, former employee or beneficiary as applicable. The employer will then remit the federal income tax withheld to the IRS or to the official depository as it presently is required to do. The employer will issue W-2 forms to the participants in the plan who have received payments of deferred income.

The W-2 will show the gross payment made to the participant or beneficiary and any deductions made.

However, the IRS has approved some plans whereby the administering company acts as agent for payments to the employees, issuance of W-2 forms and remittances to the IRS. Such IRS approved plans, which are still in conformance with the requirements of Section 457 Internal Revenue Code, will be permitted.

d. Maximum Contribution

Beginning January 2002, employees may defer the less of either 50 percent of their gross annual compensation (reduced by other tax-deferred retirement contributions and pre-tax salary reductions) or $11,000 annually. The new contribution limit will increase by $1,000 a year until it reaches $15,000 in 2006. After 2006, the annual contribution limit will be indexed to inflation in $500 increments.

Employees age 50 or older can invest an additional $1,000. This additional contribution amount will increase by $1,000 every year until it reaches $5,000 in 2006. After 2006, the annual contribution limit will be indexed to inflation in $500 increments.

During the last three years prior to retirement, the employee may use the catch-up limitation which starting January 2002 is $22,0000 annually and will be increased by $2,000 a year until it reaches $30,000 in 2006.

e. Budget Salaries And Wages In Year Earned

All local governments required to budget revenues and expenditures by fund should be required to budget the gross salaries and wages including the deferred compensation amounts as expenditures of the year in which the salaries or wages are earned.

f. Establish Plan As A Pension (and Other Employee Benefit) Trust Fund (If Applicable)

All IRC Section 457 plans have to be held in a trust for the exclusive benefit of participants and their beneficiaries.

Under the new law, the local governments do not own either the amounts deferred by employee or related income on those amounts. The local governments which administer the deferred compensation plan by themselves should record them in a pension (and other employee benefit) trust funds.

The local governments should keep detailed accounting records of the deferred compensation plan. However, if those records can be provided by the administrator of the plan, no duplication is necessary.

For the purpose of the BARS, travel expense includes amounts paid for use of personal automobiles, other transportation, and actual expenses or reimbursement in lieu of actual expenses for meals, lodging, and related items.

The legislative body of each municipality must pass an ordinance or resolution to establish rules and regulations for the reimbursement of travel expense. There should be rules to cover all municipal officials and employees. The ordinance or resolution should discuss the municipal policy on tipping, charging expenses to the municipality, and it should prohibit reimbursement for personal expenses and entertainment.

If any municipal corporation wishes to issue credit cards for travel related expenses, the legislative body must pass an ordinance or resolution to establish rules and regulations that satisfy provisions of Chapter 42.24 RCW, including:

1. Submission of a fully itemized travel expense voucher by the employee or officer;

2. Settlement by the officer or employee within 30 days of the billing date; and,

3. The establishment of a lien against salary for any disallowed charges.

Claims for reimbursement of travel expenses must contain a signed certification that includes the following language, "I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof."

In addition, if an officer or employee is filing a claim on behalf of others, he or she must prepare a detailed account that includes:

1. Names of the others who traveled, partook of meals, or otherwise incurred expenses.

2. Whether they were municipal employees and, if not, who they were and what connection they had with municipal business. This should not be construed to permit promotional hosting.

3. Who provided the lodging, meals or other services in question, dates and times.

4. A detailed breakdown of amounts.

5. Some statement sufficiently explicit to show what municipal business was being carried out when the expenses were incurred.

If a municipality chooses the option of using monthly reimbursements for use of personal automobiles for official business, the following procedures apply.

1. The monthly rate schedule established should be limited to officers and/or employees who actually use their personal automobiles for travel on a regular basis. It is the responsibility of the municipality to assure that each traveler is on official business.

2. The rate must be based on actual costs.

3. A periodic review must be performed to determine whether or not the rate continues to reflect actual costs.

4. A record is needed of the governing body's determination.

If the above procedures are not followed, the "monthly reimbursement for use of personal automobiles" may be treated as additional compensation. According to the Internal Revenue Service, municipalities could be assessed the withholding tax of the employees if the amounts advanced/reimbursed for travel were not for expenses incurred or reasonably expected to be incurred, unless these amounts are reported as taxable wages on the W-2.

If a municipality chooses to establish an *advance travel expense account* (Imprest Account), pursuant to RCW 42.24.120, the following procedures apply:

1. The imprest amount must be established and maintained in accordance with the procedures prescribed for petty cash (e.g., amount must be established by ordinance or resolution).

2. Upon receipt of the moneys, the custodian will open a checking account in a local bank in the name of the governmental unit entitled "*advance travel expense account -- John Doe, Custodian*." Moneys received from the following sources will be deposited to the account:

   From the treasurer or other disbursing officer, the total amount originally establishing the account or subsequently added; from officers and employees, refunds of any unexpended advances; and from the warrant-issuing officer, amounts that reimburse the custodian for travel expenses allowed in the settlement of employee advances.

3. The *advance travel expense account* must be used solely for travel advances, <u>not direct payments to vendors</u>. In other words, moneys may be advanced to an individual who is going on travel status for travel-related expenses that he/she will pay out of his/her own pocket. It must not be used for personal loans, pre-registration fees, reimbursements to employees or officers for travel already incurred, etc.

4. A check register will be maintained in which will be recorded all transactions of the account, including deposits, disbursements and bank service charges. A reconciliation should be made with the bank statement at the end of each month. When possible, the reconciliation should be made by someone other than the custodian. The balance remaining in the checking account as of a given date, together with any outstanding advances and travel expense claims on hand but not yet reimbursed, should always equal the amount established by the governing body for the account.

5. Employee advances for travel expenses will be made by the issuance of checks drawn on the special bank account, payable to the applicant. Approved requests will be retained in the files of the custodian to support such advances until final settlement is made and claim for reimbursement has been submitted. Requests for such advances shall be reasonable estimates of the applicants' travel expense requirements and shall contain as a minimum the following information:

   Date of request
   Name of applicant
   Destination
   Purpose of travel
   Anticipated departure and return dates
   Amount requested
   Signature of applicant
   Official approval of trip
   Check number, amount and date (to be provided by the custodian when the advance is made)

6. Settlement of advances will be made on or before the 15th day following the close of the travel period by filing with the custodian an expense voucher as required by RCW 42.24.090. The custodian will verify the amount shown on such form as having been advanced to the employee. In the event the traveler's actual expense is less than the amount of the advance received, his expense voucher will be accompanied by the unexpended portion of the advance. The expense voucher and original request for the advance will then be used to support the custodian's claim for a warrant replenishing the account for travel expenses reported. Expense vouchers containing expenses in excess of the amount advanced will be submitted in duplicate to the custodian at the time of final settlement. The original copy of the expense claim and the traveler's request for an advance will then be used to support the custodian's claim for a warrant replenishing the account. The other copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the traveler. Claims for reimbursement to the account should be submitted by the custodian periodically as needed and at the end of the fiscal year in order that all expenses incurred will be charged against the appropriations for the period then ending.

7. Any default in accounting for or repaying an advance should render the full amount which is unpaid immediately due and payable with interest at the rate of 10 percent per annum from the date of default until repaid. To protect against any losses on advances, the governing body should have a prior lien against and a right to withhold any and all funds payable or to become payable to such officer or employee to whom such advance has been given up to the amount of the advance and an annual interest rate of 10 percent until repayment or justification is made (RCW 42.24.140). No advance of any kind may be made to any officer or employee at any time when he/she is delinquent in accounting for or repaying a prior advance.

For the purpose of BARS, petty cash includes change funds, working funds, revolving, advance travel, stamp funds, check cashing funds, etc.; in other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses (i.e., imprest fund). If the petty cash is disbursed, it is periodically restored to its original amount by a warrant drawn and charged to the applicable operating fund. The amount of the warrant should equal the aggregate of the disbursements.

The following are minimum requirements for the establishment and operation of petty cash accounts.

1. The governing body must authorize each petty cash account in the manner that local legislation is officially enacted, i.e., resolution or ordinance. This applies also to all subsequent increases or decreases in the imprest amount.

2. The governing body or its delegate must appoint one custodian of each petty cash account who should be independent of invoice processing, check signing, general accounting and cash receipts functions. As part of the appointment, the custodian shall render a receipt for the imprest amount to the treasurer, clerk-treasurer or auditor from whom he/she receives it. When it is not practical to hire additional personnel or to reallocate these duties among existing personnel, the governing body must establish some mechanism of review that accomplishes the objectives of the segregation of duties. For example, periodic monitoring of cash receipts and/or independent performance of the bank reconciliation add controls when complete segregation of duties is not possible.

3. The governing body or its delegate shall assure that the amount in petty cash is periodically counted and reconciled by someone other than the custodian.

4. The custodian shall assure the petty cash is kept in a safe place.

5. The imprest amount may be established by treasurer's check.

6. If petty cash is disbursed, it must be replenished at least monthly by warrant or check payable to the custodian. The replenishment should be subject to the same review and approval as processed invoices. No other receipts may be deposited to the petty cash fund.

   The replenishment must be by voucher with the appropriate receipts attached. The receipts should show the date, recipient, purpose, and amount of each cash disbursement. These receipts must be signed by the person receiving the money, stamps, etc. The receipts should be perforated or canceled by some other appropriate means to prevent reuse. At the time of replenishment, the custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the authorized imprest amount.

7. The imprest amount of petty cash should not exceed one month's salary or the surety bond covering the custodian.

8. The fund may not be used for personal cash advances even if secured by check or other I.O.U.'s. However, cities and towns are authorized to cash employees' checks, warrants, and drafts. If a city or town chooses to do so, it should create a separate imprest fund used solely for the purpose outlined in RCW 35.21.087 or RCW 35A.40.110. To avoid appearance of personal loan, deposits of cashed checks, warrants, and drafts should be made daily. Entities should avoid cashing checks out of (from) cash receipts because this destroys the intactness of deposits. See the separate procedures applicable to advances for travel expenses.

9. Petty cash should always be replenished at the end of the fiscal year so that expenditures will be reflected in the proper accounting period.

10. Whenever an individual's appointment as custodian is terminated, the fund must be replenished and the imprest amount turned over to the treasurer or other disbursing officer.

All claims against a municipality must be preaudited by the auditing officer of the municipality or his/her delegate. In addition, all claims must be certified by the auditing officer. This certification may be made on each individual claim voucher or, subject to the acceptance and approval of the municipal legislative body, a blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification in no way relieves the auditing officer of his/her responsibility and liability for each individual voucher so certified. The certification must be signed and dated by the auditing officer or his/her delegate. For all claims, except expense reimbursement claims certified by officers or employees (see Part 3, Chapter 3, Section B, *Employee Travel Procedures*), the certification must include the following language:

> "I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against (city/county/district), and that I am authorized to authenticate and certify to said claim."

The auditing officer's certification for employee/officer expense reimbursement claims must include the following language:

> "I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against (city/county/district), and that I am authorized to certify to said claim."

The certification by the auditing officer in no manner relieves members of the governing body from the responsibility and liability for each voucher approved. It is the governing body's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the governing body members and the municipality.

To indicate governing body approval for payment of claim vouchers and payroll, the following should be entered in the minutes:

The following voucher/warrants are approved for payment:

(Funds)			**Total**
Voucher (warrant) numbers:	_____	**through** _____	**$**_____
Payroll warrant numbers:	_____	**through** _____	**$**_____

If the legislative body authorizes the procedure, cities, counties and districts may issue warrants before the legislative body approves claims. To do this the municipality must enact the following policies and procedures (required in Chapter 42.24 RCW):

(1) The auditing officer and the officer designated to sign the checks or warrants must have an official bond. The amount should be determined by the legislative body but cannot be less than fifty thousand dollars (RCW 42.24.180);

(2) The legislative body shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;

(3) The legislative body must review and approve the claims paid at its next regularly scheduled public meeting; or for cities and towns, at the regularly scheduled public meeting within one month from issuance; and

(4) If the legislative body disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants must recognize these claims as receivables of the taxing district and pursue collection diligently until the amounts are either collected or the legislative body is satisfied and approves the claims.

The legislative body may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

The original copy of all vouchers shall be filed in the office of the auditing officer of the municipality. The detailed accounts to which the expenditures are to be posted must be clearly designated. Supporting documentation must be retained and attached to the vouchers and canceled by the auditing officer to prevent reuse.

Districts that do not issue their own warrants shall send original vouchers and supporting documentation to the county auditor.

Vouchers and supporting documentation must be filed in a manner that allows rapid identification and retrieval of all the vouchers of a particular fund, program, department, or account code.

For the purposes of the BARS, the term *Payroll Fund* includes both payroll and salary funds.

Payroll and claims clearing funds are not budgeted because they are simply clearing funds from which all claims and salaries are paid.

These clearing funds cannot be provided with any working capital. Therefore, the money for redemption of warrants must be transferred to the clearing fund from the appropriate operating fund on the same day that the clearing fund warrants are issued. If the operating fund is insolvent, it must issue a registered interest-bearing warrant to the clearing fund instead of a transfer. This registered warrant should be deposited along with other cash receipts. The cash balance in a clearing fund must equal at all times the total warrants outstanding against the fund plus any amounts withheld from payrolls and temporarily unremitted (such as quarterly L&I payments). When a clearing fund warrant is canceled, the amount of the canceled warrant must be transferred back to the appropriate operating fund.

The warrants issued against a clearing fund must be recorded in the appropriate warrant register in strict numerical and chronological order and the expenditures applicable to the claim vouchers supporting the warrant issue must be recorded in the distribution of expenditure ledgers for the various operating funds in the same order and bear the same dates.

The approved warrants should be recorded in the minutes of the governing body (see Part 3, Chapter 3, Section D).

The distribution of expenditures from the vouchers to the budgetary control records must agree with the totals accumulated in the warrant registers and should be reconciled monthly to ensure accuracy in posting.

This section does not attempt to determine which money of a municipality may or may not be available for interfund lending, since the special character of some money involves commitments and restrictions which would require individual consideration. As a rule of thumb, however, it may be considered permissible to make interfund loans of those municipal money which are clearly inactive or in excess of current needs **and** legally available for investment.

The minimum acceptable procedures for making and accounting for interfund loans are as follows:

1. The legislative body of a municipality must, by ordinance or resolution, approve all interfund loans, and provide in the authorization a planned schedule of repayment of the loan principal as well as setting a reasonable rate of interest (based on the external rate available to the municipality) to be paid to the lending fund.

2. Interest should be charged in all cases, unless:

   a. The borrowing fund has no other source of revenue other than the lending fund; or

   b. The borrowing fund is normally funded by the lending fund.

3. The borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments as required in the authorizing ordinance or resolution.

4. The term of the loan may continue over a period of more than one year, but must be "temporary" in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund. A loan that continues longer than three years will be scrutinized for a "permanent diversion" of moneys. (Note: these restrictions and limitations do not apply to those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.)

5. Appropriate accounting records should be maintained to reflect the balances of loans in every fund affected by such transactions.

RCW 43.09.210 requires that, when property is transferred between funds of the same municipality, it should be paid for at its full value by the fund which receives it. The following rules are intended to clarify the application of this statute:

1. When a municipality wishes to acquire capital assets for an internal service fund, such as the Equipment Rental and Revolving Fund, the budgets of the contributing funds should specifically identify the item(s) of equipment to be purchased. The item(s) can be purchased from the contributing fund or the internal service fund. In either case, documentation of the equipment purchase must be adequate to show that the funds originally budgeted for a specific piece of equipment were actually used for the purchase of that item.

2. The transfer of capital assets between two governmental funds of the same entity should be accounted for merely as a change in location and/or custodian because the assets are not owned by the particular funds. Such transfers are not subject to budgetary control, but the assets should be declared surplus to the needs of the relinquishing fund and the transfer approved by the entity's legislative body.

3. The transfer of capital asset to an enterprise fund should be budgeted and accounted for as a sale and purchase of property. Proceeds of such sale should be deposited to the fund which originally paid for the item or to the general (current expense) fund at the discretion of the legislative body unless a particular statute requires another treatment.

4. The transfer of capital asset to an internal service fund must be approved by the entity's legislative body.

The requirements described below apply to all Category 2 local governments who expend federal funds or pass funds through to subrecipients. Federal assistance can be provided to state and local governments in many forms including *project grants, block grants, formula grants, cost reimbursement contracts, loans, loan guarantees, insurance contracts, real property, and personal property*. The following procedures apply to programs funded with state and interlocal monies as well as federal funds. This section does not apply to entitlements or shared revenues, which are treated essentially as local revenues.

Excerpts from Office of Management and Budget (OMB) Circular A-133, Circular A-87, and the Common Rule are provided in this section. Please note that there are many additional federal laws and regulations that may apply to your grants and loans. Copies of these circulars and other federal documents can be obtained from the U.S. Government Printing Office. To order these documents, contact the Region-10 Office in Seattle at (260) 553-4270.

The Common Rule

The Common Rule (an attachment to OMB Circular A-102) sets forth uniform administrative requirements for grants and cooperative agreements to state and local governments. The financial management systems of local governments and subgrantees must meet the following standards:

1. Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

2. Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

3. Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

4. Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

5. Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

6. Source documentation. Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

7. Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are

made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

OMB Circular A-87

Expenditures of federal funds and costs claimed for reimbursement or used for matching must be determined in accordance with OMB Circular A-87, *Cost Principles for State and Local Governments*. This circular provides criteria for determining whether costs are necessary, reasonable, and allocable. It also lists specific types of costs and expenditures that are allowable and unallowable.

OMB Circular A-133

The Single Audit Act of 1984 set forth uniform requirements for audits of federal financial assistance provided to state and local governments. Amendments to the Single Audit Act were signed into law in July, 1996. These amendments are effective for audits of fiscal years beginning after June 30, 1996. Prior to the 1996 amendments, single audit regulations were set forth in OMB Circular A-128, *Audits of State and Local Governments*. OMB has since rescinded this Circular. As a result, single audit requirements are now provided in OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

According to OMB Circular A-133, ". . . non-federal entities that expend $300,000 or more in a year in federal awards shall have a single audit conducted . . . except when they elect to have a program-specific audit . . . ." The election of a program-specific audit is allowable only if the auditee expends federal awards under only one program (excluding Research and Development) and the federal program's laws, regulations, or grant agreements do not require a financial statement audit.

Circular A-133 outlines specific responsibilities for the auditee. In short, the auditee must perform the following:

1. Identify, in the accounting records, all federal awards received and expended, including the name of the federal grantor agency and pass-through agency (if applicable), the CFDA title and number, and the award number and year;

2. Maintain internal control over federal programs that provides reasonable assurance that the grantee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that have a material effect on each of its federal programs;

3. Comply with laws and regulations and the provisions of contracts or grant agreements related to each of its federal programs;

4. Prepare appropriate financial statements and Schedule of Expenditures of Federal Awards;

5. Ensure audits are performed and submitted when due;

6. Follow up and take corrective action on audit findings, including preparation of a Summary Schedule of Prior Audit Findings and a Corrective Action Plan; and

7. Submit a Data Collection Form and a reporting package to the federal clearinghouse (refer to Circular A-133 for details).

Governments that expend less than $300,000 in a year in federal awards are exempt from federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and General Accounting Office (GAO).

ADDITIONAL AUDITS BEYOND SINGLE AUDITS

The Single Audit Act provides that an audit made in accordance with Circular A-133, should be in lieu of any financial or financial compliance audit required under individual federal assistance programs. To the extent that a single audit provides federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a federal agency should make additional audits which are necessary to carry out its responsibilities under federal law and regulation. Any additional federal audit effort should be planned and carried out in such a way as to avoid duplication.

To satisfy these requirements the following accounting for grants is prescribed.

1. Use of Separate Grant Funds

   Grants may be accounted for in the same funds as other operations of a municipality or in one or more separate "grant funds", depending upon grant terms. The government should establish and maintain the minimum number of funds consistent with legal specifications and operational requirements. Grant transactions coded within the same fund as other operations may be distinguished by using the BARS program or department codes. (See Part 1, Chapter 1 for coding instructions.)

2. Fund Types

   Grants must be accounted for in the type of fund appropriate for the activities being financed. If a grant is to be used for general governmental purposes, it should be accounted for in the general (current expense) or a special revenue fund. If a grant is received for the payment of principal and/or interest on general long-term debt, it should be accounted for in a debt service fund. If a grant is received to support operations of, or acquire capital assets for a proprietary fund, the grant should be accounted for in a proprietary fund. Other capital grants should be accounted for in capital projects funds. See separate discussion of pass-through grants in Part 3, Chapter 5, Section B.

3. Project Coding

   At the inception of a grant (award notification), one or more project codes should be assigned locally to identify the particular grant. This coding must be incorporated into the basic coding structure the municipality uses to identify all its transactions. Any available field or fields may be used, so long as the results do not interfere with the prescribed seven-digit BARS code.

   The use of multiple codes may be necessary when there is more than one source of funds for a particular grant. For example, when some expenditures must be charged to particular revenue sources or are not allowed under some grantors' terms, separate budgets for such sources must be established. In addition, it may be desirable or necessary to account for the local share of costs ("match") or program income in separate projects. The value of separate projects is that they immediately segregate budgets, revenues, expenditures, cash accounts, for each grant and for the related non-grant resources used to accomplish the project or operate the program.

4. Local Funding of Grant Projects

   Within this project or set of projects, the municipality should account not only for grant resources and expenditures but also for the municipality's own contributions to the project or program and for related program income. This is necessary to ensure uniform accounting for the entire project or program, not merely that portion supported by grant moneys.

5. Grant Schedules

A set of grant schedules is prepared as shown in the reporting section of this manual (Part 4, Chapter 4). These schedules meet federal requirements for the *Single Audit*.

6. Noncash Awards

The value of noncash awards (e.g., food stamps, food commodities, etc.) should be accounted for and reported on the Schedule of Expenditures of Federal Awards and the Schedule of State and Local Financial Assistance. Current year expenditures should be the value of goods distributed during the year. The notes to the schedule should disclose the nature of the amounts reported.

Pass-through grants are defined as grants and other financial assistance received by a governmental entity (recipient government) to transfer to or spend on behalf of a secondary recipient. All pass-through grants received by a governmental entity should be reported in its financial statements. To determine the proper accounting for pass-through grants, the recipient government has to evaluate its administrative and direct financial involvement.

Administrative involvement may include:

(a) monitoring secondary recipients for compliance with program-specific requirements,
(b) determining eligible secondary recipients or projects, even if using grantor-established criteria, or
(c) having the ability to exercise discretion in how the funds are allocated.

Direct financial involvement may include:

(a) recipient government financing some direct program costs because of a grantor-imposed matching requirement, or
(b) recipient government liability for disallowed costs.

If a recipient government has administrative involvement or direct financial involvement in a pass-through grant, its responsibility in relation to the resources is more than custodial. The recipient government essentially exercises operational responsibility or discretion over whether the grant will be awarded.

Agency funds are purely custodial. In those cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund. Pass-through grants with administrative or direct financial involvement should be recognized as revenue and expenditures or expenses in a governmental, proprietary, or trust fund of the recipient government.

It is not required that a recipient government's payment of administrative costs (indirect financial involvement) be separately evaluated in determining the reporting of pass-through grants. If a recipient government serves only as a cash conduit, it may incur some incidental administrative costs. If a recipient government's administrative costs are more than incidental, that would be the result of administrative involvement.

Local governments may cooperate under certain conditions with other local governments. The basis is for mutual advantage to provide services and facilities. This is accomplished in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities.

All cooperative efforts created by State law can be joint ventures (see Joint Venture Section). All joint ventures are either joint operating agencies or contracted interlocal agreements. Specific laws dictate other limitations or requirements, depending on the purpose and entity. Descriptions of some cooperative efforts are as follows.

Joint Operating Agencies (Chapter 43.52 RCW and Chapter 54.44 RCW)

A Joint Operating Agency (JOA) is a legal entity created between any two or more cities or public utility districts. This agency is a municipal corporation of the state of Washington. A JOA has authority to enter into contracts involving electric energy, fisheries, flood control, and natural resources.

Management and control of a JOA vests with the board of directors. The directors are appointed by the legislative body of each member of the JOA.

For guidelines and requirements, see Chapter 43.52 RCW for Operating Agencies and Chapter 54.44 RCW for nuclear power plants.

For accounting treatment, joint operating agencies should be treated as a public utility district (RCW 43.52.391).

Interlocal Agreements (Chapter 39.34 RCW)

An interlocal agreement is a contract entered into between two or more public agencies for joint or cooperative action. This action must be a power, privilege, or authority already capable of being exercised by the public agencies involved, and the manner of financing should be as provided by law. The agreement could establish a separate entity as described below.

If the interlocal agreement does establish a separate legal or administrative entity, this entity must be legally created (Insurance Boards RCW 48.62.041-.101, Irrigation Districts RCW 87.03.018, Hydroelectric Resources RCW 87.03.828). The agreement must specify duration, organization, purpose, manner of financing and methods of termination. Funds of this separate entity would be subject to audit in the manner provided by law for the auditing of public funds.

If the interlocal agreement does not establish a separate legal entity by law, the agreement must specify the criteria listed above and must also provide for an administrator or a joint board responsible for administering the cooperative undertaking. Provisions are also required to detail the manner of the joint board in acquiring, holding, and disposing of real and personal property used in the joint undertaking. The joint board is also authorized to establish an operating fund with a county, city, or district treasurer of one of the involved public agencies.

The interlocal agreement is filed with the county auditor, and if applicable, a state officer or agency with statutory powers of control.

Chapter 39.34 RCW issues various guidelines and requirements applicable to interlocal agreements.

For accounting treatment, an interlocal agreement must be evaluated for each member agency to determine whether joint venture treatment is applicable. If joint venture treatment is applicable, see the accounting treatment as recommended in the joint venture section. If joint venture treatment is not applicable, interlocal agreement should be footnoted and accounted for in an appropriate fund (special revenue, internal service, etc). Contractual requirements take precedence over accounting requirements (i.e., a contract may require one member to be reporting entity when it does not exercise "oversight responsibility").

INVESTING REQUIREMENTS

Each municipal corporation should, by action of its governing body, authorize investment of any moneys which are not required for immediate expense and which are in the custody of the county treasurer or other municipal corporation treasurer.

If the governing body has not taken any action pertaining to the investment of any such moneys, the county finance committee should direct the county treasurer to invest, to the maximum prudent extent, such moneys or any portion thereof in any of the securities mentioned below (RCW 36.29.020).

INVESTMENT VEHICLES

All local governments (counties, cities, towns, special purpose districts, political subdivisions, municipal corporations, or quasi-municipal corporations, including any public corporation, authority, or other instrumentality created by such an entity) in Washington State are empowered by statute to invest moneys, which are eligible for investment[1], in the following types of securities. (The enabling legislation is contained in Chapter 39.59 RCW.[2])

- Certificates, notes, bonds or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States:
  - Treasury bills
  - Treasury bonds
  - Government National Mortgage Association bonds.
  - Small Business Administration bonds (see caution 3). (RCW 36.29.020, 43.84.080)

- State, county, municipal, or school district bonds, or warrants of taxing districts of the state. Such bonds and warrants should be only those found to be within the limit of indebtedness prescribed by law for the taxing district issuing them and to be general obligations. (RCW 36.29.020, 43.84.080)

- Motor vehicle fund warrants when authorized by agreement between the state treasurer and the Department of Transportation requiring repayment of invested funds from any moneys in the motor vehicle fund available for state highway construction. (RCW 36.29.020, 43.84.080)

- Federal Home Loan Bank notes and bonds. (RCW 36.29.020, 43.84.080)

- Federal Land Bank bonds. (RCW 36.29.020, 43.84.080)

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1 Not all available money is eligible for investment as allowed by Chapter 39.59 RCW. The Attorney General (AG) Opinion No. 132 (1961-62) states that the county general (current expense) fund's money must be in the form of cash or "that which is redeemable in cash upon demand, as a matter of fixed right." The AG Memorandum to the State Auditor dated March 20, 1989, reaffirms this opinion. Warrants are not demand instruments. They are not considered to be the equivalent of cash, redeemable upon demand, as matter of right, therefore county general (current expense) fund's money cannot be invested in them.

2 Chapter 39.59 RCW expands the investment authority of local governments by allowing them to invest in "any investments authorized by law for the treasurer of the state of Washington or any local government of the state of Washington other than a metropolitan municipal corporation . . ." (RCW 39.59.020(4)). The AG memorandum to the State Auditor dated November 30, 1989, clarifies the scope of this increased authority. It states that if a certain type of investment authority did not exist for local governments prior to the enactment of RCW 39.59.020, but was authorized by section (4) of that statute, the restrictions contained in sections (1), (2), and (3) of the statute do not apply to those newly granted powers of investment. Therefore, local governments may choose the least restrictive investments from the above list of authorized investments. (See caution 4.)

- Federal National Mortgage Association notes, debentures and guaranteed certificates of participation. (RCW 36.29.020, 43.84.080)

- Obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system

  - Federal Farm Credit Banks consolidated system-wide bonds and discount notes.
  - Federal Home Loan Mortgage Corporation bonds and discount notes.
  - Student Loan Marketing Association bonds and discount notes.
  - Export-Import Bank bonds.
  - Maritime Administration bonds. (RCW 36.29.020, 43.84.080)

- Bankers' acceptances purchased on the secondary market. (RCW 36.29.020, 43.84.080)

- Negotiable certificates of deposit of any national or state commercial or mutual savings bank or savings and loan association doing business with the United States. The investment should meet the criteria set by the State Investment Board. (RCW 36.29.020, 43.84.080)

- Commercial paper. The investment should meet the criteria set by the State Investment Board. (RCW 36.29.020, 43.84.080)

- Washington State Housing Finance Commission bonds. (RCW 43.180.190)

- Farm ownership and soil and water conservation loans fully guaranteed as to principal and interest under the Bankhead-Jones Farm Tenant Act and the Washington Land Bank. (RCW 43.33A.080)

- Bonds of the state of Washington and any local government in the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. (RCW 39.59.020(1))

- General obligation bonds of a state other than the state of Washington and general obligation bonds of a local government of a state other than the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. (RCW 39.59.020(2))

- Registered warrants of a local government in the same county as the government making the investment, subject to compliance with RCW 39.56.030. (RCW 39.59.020(3))

- Any investments (e.g., certificates of participation) authorized by law for the treasurer of the state of Washington or any local government of the state of Washington other than a metropolitan municipal corporation but, except as provided in Chapter 39.58 RCW, such investments should not include certificates of deposit (CD) of banks or bank branches not located in the state of Washington. (See caution 4.) (RCW 39.59.020(4))

- Revenue bonds and notes issued by port districts under the authority of Chapter 54.34 RCW. (RCW 53.34.150)

- Selected mutual funds and money market funds. They are allowable investments <u>only</u> for money subject to federal arbitrage statutes and regulations (i.e., IRC Section 148):

  - Mutual funds with portfolios consisting of only United States government bonds or United States government guaranteed bonds issued by federal agencies with average maturities of less than four years, or bonds described in RCW 39.59.020 (1) or (2), except that those bonds should have one of the four highest credit ratings of a nationally recognized rating agency;

- Money market funds with portfolios consisting of only bonds of states and local governments or other issuers authorized by law for investment by local governments, which bonds have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency;

- Money market funds with portfolios consisting of securities otherwise authorized by law for investment by local governments. (See caution 4.) (RCW 39.59.030)

- Notes or bonds secured by mortgage (insured or with a commitment to insure in obligations of national mortgage associations) by the Federal Housing Administrator. (RCW 39.60.010)

- Debentures issued by the Federal Housing Administrator. (RCW 39.60.010)

- Bonds of the Home Owner's Loan Corporation or any other corporation which is or may be created by the United States as a governmental agency or instrumentality. (RCW 39.60.010)

- Notes, bonds, or debentures of savings and loan associations, banks, mutual savings banks, savings and loan service corporations operating with approval of the Federal Home Loan Bank, and corporate mortgage companies that are rated not less than "A" by a nationally recognized rating agency, or are insured or guaranteed and backed as required by the statute. (RCW 39.60.050)

- Bonds or warrants of the state of Washington. (RCW 35.39.030)

- General obligation or utility revenue bonds or warrants of any city or town in the state of Washington. (RCW 35.39.030)

- Bonds or warrants (RCW 35.39.030) or installment notes (RCW 35.45.150) of a city"s or town"s own local improvement district which are within the protection of the local improvement guaranty fund law.

- Interim financing warrants of a local improvement district which is within the protection of the local improvement guaranty fund law for the benefit of the general (current expense) fund. (RCW 35.39.034)

- Bonds or other obligations issued by a metropolitan municipal corporation pursuant to Chapter 35.58 RCW. (RCW 35.58.510)

- Outstanding warrants of the county tax refund fund in the same county as the government making the investment subject to the provisions of RCW 36.33.070.

- Bonds or other obligations issued by a housing authority pursuant to the housing authorities law of this state or issued by any public housing authority or agency in the United States. (RCW 35.82.220)

NOTE: Per an Attorney General Memorandum dated February 8, 1991, cities and towns have the authority to invest in out-of-state CDs via RCW 35.39.030(6) and RCW 43.84.080(6). Restrictions on investments contained in RCW 39.59.020 do not apply to investment authority existing prior to the enactment of that statute (1988). Accordingly, local governments other than cities or towns would be restricted to investment in in-state CDs since they did not possess this authority prior to the enactment of RCW 39.59.020(4).

In addition to the securities listed above, municipalities may invest excess moneys in the Washington State Treasurer's Investment Pool (Chapter 43.250 RCW). The governing body of the municipality must authorize participation by passing an ordinance or resolution.

PUBLIC DEPOSITORIES

Except for funds deposited pursuant to a fiscal agency contract with the state fiscal agent or its correspondent bank, no public funds may be deposited in demand or investment deposits except in a qualified public depository or as otherwise permitted by statute. Total deposits of a treasurer in a depository may not exceed that depository's net worth (RCW 39.58.130).

A financial institution receives designation as a public depository from the Public Deposit Protection Commission (PDPC). This designation is readily verified, either from the institution (a letter of authority from the Commission) or from the PDPC. The PDPC publishes a quarterly list of each qualified depository and its net worth. This list will be furnished upon request by writing to:

Public Deposit Protection Commission
Office of State Treasurer
General Administration Building
PO Box 40206
Olympia, WA 98504-0206

CAUTIONS

1. Investments Allowed By Debt Covenants May Be More Restrictive Than Statutes

   The debt covenants contained in bond indentures and the provisions of other agreements may be more restrictive than the statutes about the types of investments permitted for certain moneys.

2. Avoid Conflicts With The Laws Of Other States

   Some corporations have sold instruments in Washington which require the issuer or holder to comply with laws of other states. It is questionable whether it is prudent or appropriate for a public treasurer in Washington to enter into such agreements.

3. SBA Loans Are Inherently Risky

   In order for a business to qualify for a Small Business Administration (SBA) loan, it must usually have been unable to obtain credit at a financial institution. Hence, SBA obligations backed by SBA loans have weaker underlying credit than the standards in the money market. Although these loans are guaranteed by the federal government, default does not result in immediate liquidation. Some SBA investors are holding paper while the loan is "worked out." Also, federal guarantees do not extend to points paid.

4. State Constitution Prohibits Some Investments

   Article VIII, Sections 5 and 7, and Article XII, Section 9 prohibit the state and local governments in the State from extending credit, giving money or property, or loaning money to individuals, associations, companies, or corporations. Therefore, except for the following exceptions, treasurers should not invest in stock of private companies or other investments which appear to be prohibited. Article XXIX, Section 1, provides that public pension, retirement, and industrial insurance trust funds be the ONLY exceptions, thus allowing any investment authorized by law. Any investment holdings in violation of the Constitution will be challenged.

5. PDPC Covers Losses As Provided By Statute

   All public deposits in qualified public depositories are protected from loss as provided in Chapter 39.58 RCW, but there are some limitations. In the event of a loss due to default of a qualified public depository, the PDPC would:

a. Determine the net deposit liability of the defaulting institution after FDIC coverage.

b. Make assessments against all bank depositories or all thrift depositories, depending on whether the defaulting institution was a bank or a thrift institution:

- First, against the defaulting institution to the full extent of securities pledged as collateral.
- Second, against all other bank or thrift depositories, for their proportionate share of the loss, up to a maximum of 10 percent of each institution's public deposits. (RCW 39.58.060(3); 39.58.010(6).)

c. Represent all public treasurers for liquidation of the defaulting institution's assets to recover the remaining net deposit liability, if any exists after assessments against all bank or thrift depositories.

Treasurers should be aware that in the event of a default of a qualified depository, the funds in that institution could be tied up until deposit balances are certified and assessments are collected (see RCW 29.58.060). Diversification of investments among various bank and thrift institutions could help alleviate potential cash flow problems.

6. Properly Name Accounts For Insurance Coverage

In order to maximize insurance coverage from FDIC, care should be exercised to properly name deposit accounts so that ownership of such accounts is clear.

7. Consult Your Bond Counsel For Guidance On Arbitrage Restriction

The Tax Reform Act of 1986 placed tighter restrictions on tax-exempt bonds. Penalties for noncompliance include fines and, possibly, retroactive taxation on the bonds.

8. Repurchase Agreements Require Proper Procedures to Avoid Loss

Recent losses suffered by local governments indicate the need for treasurers to participate in repurchase agreements (repos) with adequate procedures and knowledge of the mechanics of repo transactions.

a. Treasurer Must Have Control Of Securities In Repos

Each repo must be structured so that one of the following events occurs for the period of time that the repo is effective:

(1) Either of the procedures called DVP (delivery versus payment) whereby:

a) The treasurer obtains physical delivery of the underlying securities; OR
b) The underlying securities are delivered to a third party, such as a safekeeping bank acting as an agent for the public treasurer; OR

(2) The underlying securities are delivered to a bank's trust division (not within its operating division) for the account of the public treasury, when the repo is being done with the same institution.

This delivery may be made either physically or by book entry. Book entry is a system of handling securities. The Federal Reserve Bank's system is a securities safekeeping arrangement between the Fed and its customers. All US government agencies' issues exist only in book entry form, in computerized files, rather than in definitive (engraved paper) form. Under the system, book entry securities are transferred electronically between accounts based on input from the depository institution transferring securities from its account.

b. Do Not Invest In "Pooled" Or "Master" Repos

Some dealers offer repos where a treasurer invests in a pool of securities held by a trustee. Statements from the trustee list the securities; however, no "owner" is listed on the statement. The statements only reference a pool number. Treasurers have no way to assure themselves that the dealer has not oversold the securities. In the event of a dealer's default, the treasurer may discover the pool does not cover all of the claims of its investors. Where securities involved in repos are being held by trustees or a bank's trust division, the treasurer must require that the securities be held in his/her name.

c. Market Value Of Securities Should Cover The Investment

Treasurers should assure themselves that they are adequately protected from a sudden decline in the market value of the securities they have purchased. Some authorities recommend that the market value of the underlying securities exceed the amount to be received at the end of the agreement, thus protecting principal and interest. It is common practice in the industry for an excess of market value over the cash paid, called a market or "haircut", to be built into the agreement to protect against declines in the market value of the underlying securities.

The local treasurer should review (reprice) the market value of the underlying securities periodically to make sure it has not fallen below an acceptable level, placing part of the entity's principal and earnings at risk. Should such a decline in value occur, additional securities should be obtained or part of the entity's principal should be recovered. The size of the margin built into the agreement should reflect the price volatility of the underlying securities, the frequency of repricing, and the length of the repo.

d. Evaluate Financial Position Of Security Dealers

Treasurers should screen and evaluate the integrity of dealers from whom they will purchase securities. Many dealers are unregulated. Many authorities recommend that treasurers deal only with the primary security dealers. Dealers of money market or mutual funds must have bonds posted with the Risk Management Office of the Department of General Administration per RCW 39.59.010.

e. Obtain Written Contracts

Local governments should establish their rights in repos through written contracts. A written contract will specify, among other things, the right of the local government to liquidate the underlying securities in the event of default by the dealer and directions for the delivery of the underlying securities. This written contract may take the form of a master agreement covering all future transactions or a transaction agreement covering a single transaction.

Local governments should also have a written contract with a custodial agent, usually a bank, specifying the responsibilities of that third party. Such a written contract, called a custodial agreement ensures that the entity's custodian is an independent third party to the repo transaction. Among the custodial responsibilities that may be specified in a written contract are:

1) The custodian's responsibility to disburse cash for repos only on delivery of the underlying securities;

2) The custodian's responsibility to obtain additional securities if the required margin on the repo agreement is not maintained;

3) The custodian's responsibility for periodic reporting to the entity on the market value of the securities.

f. Beware Of Pitfalls

No treasurer should participate in repos without a thorough knowledge and understanding of what repos are and how they work. Every treasurer should be aware of the pitfalls and why other governments have suffered losses.

NOTE: The BARS material on investments is intended to inform local treasurers of the State Auditor's current audit standards and to provide information on current legal authority questions and on prudent investment standards. This material does not constitute a legal opinion on the validity of any particular investment. The State Auditor does not intend to imply that a treasurer who follows the standards set forth in these materials will thereby avoid any possibility of a loss of public funds. Each treasurer must exercise his or her best professional judgment in selecting particular investments, relying where appropriate on legal and other professional assistance.

Municipal Utility Deposits

A public utility may require deposits from its customers for either initial or restoration services, provided the deposits are reasonable and not discriminatory. A utility is not required to return accrued interest on those deposits, except upon request.

Although there is no legal requirement to provide the information concerning the non-interest bearing nature of the utility deposits, it would be a prudent business practice to notify customers in applications for utility services.

The interest accrued on customer deposits belongs to the appropriate utility fund and can be transferred to the general (current expense) fund under the following circumstances:

- Second class cities may transfer the excess income to the general (current expense) fund (RCW 35.23.535).
- Cities under 20,000 (except first class) and code cities (RCW 35A.37.010) must transfer any surplus in utility funds to the general (current expense) fund unless the legislative body finds the money unnecessary for certain utility fund purpose (RCW 35.37.020).

The balance sheet accounts to be used for these deposits are as follows:

BARS	Account Names
Cash Received	Restricted Assets - Cash (appropriately subdivided)
Cash Invested	Restricted Assets - Investments (appropriately subdivided)
Liability	Deposits Payable from Restricted Assets
NARUC - Water/Sewer **FERC - Electric/Gas**	
Cash Received	Other Special Deposits - Cash (appropriately subdivided)
Cash Invested	Temporary Cash Investments (appropriately subdivided)
Liability	Customer Deposits

Investment Of Superior Court Trust Funds

Pursuant to RCW 36.48.090, whenever the clerk of the superior court has moneys held in trust for any litigant or for any purpose, they should be deposited in a separate bank account designated *Court Trust Fund*. These moneys should not be commingled with any public funds. The clerk is subject to the same investment limitations as the county treasurer (RCW 36.29.020). See Part 3, Chapter 6, Section A on investments.

Interest Income

Unless provided otherwise, interest earned on trust investments should be forwarded to the county treasurer as general (current expense) fund revenue. If however, the trust principal amounts to $2,000 or more and a litigant in the matter had filed a written request, the interest should be held in trust and paid to the beneficiary upon termination of the trust. The clerk should assess a 5 percent investment service fee, subject to statute limitations, on interest earned on behalf of beneficiaries.

All litigants not represented by an attorney and who have $2,000 or more being held by a superior court clerk should receive written notice of the provision for receiving interest income on the funds.

Accounting Requirements

a. All purchases of investments should be by check or electronic fund transfer (EFT) drawn on the Court Trust Fund.

b. All investments sold should be receipted with Court Trust Fund receipts. We encourage clerks to instruct financial institutions to pay all interest earnings to the Court Trust Fund. However, if the county chooses to use direct interest credits to investment accounts, the clerk should reconcile the interest at least quarterly.

c. Clerks making trust fund investments must maintain an investment ledger:

(1) Sufficient to indicate the total amount of trust funds invested at any given time (a control account).

(2) Listing each investment purchased by purchase date, trust account check number or EFT number, description of investment and identification (passbook or C.D. number, financial institution holding investment, interest rate, maturity date, etc.) and purchase price.

(3) Showing for each investment sold: total proceeds, interest due the general (current expense) fund, interest due other recipients, sales date, clerk's receipt number, and investment fee.

(4) There must be an individual ledger card for each case. The ledger cards should be reconciled to the investment ledger periodically. Ledger cards should contain the name, address, case number, the investment balance and accrued interest. A form similar to the attached sample will be acceptable.

d. Investment interest earnings remitted to the general (current expense) fund and investment service fees deducted from interest due to others should be coded to the resource account designated in Part 1, Chapter 3.

e. Moneys to be paid to the county treasurer should be remitted each month together with other remittances.

f. Interest paid to litigants in excess of $10 must be reported to the Internal Revenue Service.

INVESTMENT RECORD

Line No.	Date Purchased Mo. Day	Description	Purchase Price	Date Sold Mo. Day	Sales Price	Receipt Number	Investment Fee	Interest Earnings	To Be Remitted to Beneficial Owner	To Be Remitted to Treasurer	Investment Balance		Line No.
											Debit	Credit	

EFF DATE 01-01-02

SUPERSEDES 01-01-97

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Many local governments have agreed to maintain a predetermined average daily balance in non-interest bearing bank accounts to compensate banks for handling the government's bank services.

In many cases, there is no rational relationship between the interest which the local government would have earned on the deposit and the amount that would have been paid for bank services.

In the event a decision is made to maintain a compensating balance, the local government should:

- Obtain proposals on bank service charges from several banks.
- Document with historical and statistical evidence that the interest foregone is substantially equivalent to or less than the proposed bank service charges.

Chapter 7
Inventories and Capital Assets

This Chapter has been left blank intentionally.

1. Capital Improvement Assessments

The project expenditures should be recorded in a capital projects fund. Revenues should be recognized according to the financing involved (e.g., Other Financing Sources - Proceeds of General Long-Term Debt, if bonds are used for financing).

Capital improvement assessments projects that become an integral part of the government's enterprise activities should be recognized in the enterprise fund.

2. Service Assessments

The revenues and expenditures should be recorded in either the general (current expense) fund, a special revenue fund, or an enterprise fund, as appropriate. These types of assessments are for operating activities and do not result in the purchase or construction of capital assets (e.g., street cleaning or snow plowing).

3. Debt Service

The long-term debt service transactions associated with a special assessment project should be recorded in a debt service fund. Recognition of bond principal and interest expenditure should be similar to other long-term debt. However, any portion that is an obligation of an enterprise fund or expected to be repaid from an enterprise fund revenues should be reported in the enterprise fund. Short-term debt service expenditures should be recognized in the fund recording the associated debt.

4. Budgeting

Capital improvements funded by special assessments should be budgeted on a project basis. Although improvement district statutes vary, they normally require formal adoption of an assessment roll. The LID formation ordinance is a perfectly adequate budget for the life of the LID. The amount of the assessment roll is determined by the estimated costs of construction and debt service, which are accordingly approved by the same action. If construction costs exceed estimates, legislative approval is normally required. That approval should be recorded as a budget modification.

5. References

	Authority to Establish and Assess for	RCW Reference
Cities and Towns	LID & ULID	35.43 thru .56
Counties/County Roads	CRID	36.88
Fire Districts	LID & ULID	52.20, 35.43 thru .56
Port Districts	LID & ULID	53.08, 35.43 thru .56
Library Districts	LID	27.14, 35.43 thru .56
Irrigation Districts	LID & ULID	87.03.480 thru .527
Irrigation Districts	O&M	87.03.240 thru .420
Park and Recreation Districts	LID	36.69.200 thru .305
Sewer Districts	ULID	56.20, 35.43 thru .56
Water Districts	ULID	57.16, 35.43 thru .56
Counties/Sewerage, Water and Drainage System	LID & ULID	36.94.220 thru .400
Flood Control Zone Districts	LID & ULID	86.15.160, .165
Flood Control Districts	O&M	86.09.380 thru .517
Diking Districts	O&M	85.05.270, .355, 85.18.150
Drainage Districts	O&M	85.06.125, 85.38.140 thru .170
Diking, Drainage and Sewage Improve. Dist.	O&M	85.08.410, .420, .480, 85.16
Public Utility Districts	ULID	54.16.120 thru .170

CRID - County Road Improvement District
LID - Local Improvement District
ULID - Utility Local Improvement District
O&M - Operations and Maintenance, Debt Service, etc.

1. Unredeemed Coupons And Bonds (RCW 43.80.160)

One year after the last legal payment date on matured bonds, the treasurer may send a written request to the fiscal agent to return the moneys not used to redeem such matured bonds. A bond call accelerates the maturity and the treasurer has the right to request that moneys be returned after one year. This recovery provision does not apply to matured coupons which remain unredeemed for over one year, unless the bonds to which they are related have also matured. Unredeemed bonds and coupons that remain unclaimed by the owner for more than two years after becoming payable are considered abandoned (RCW 63.29.130). The treasurer is required to file a report under RCW 63.29.170 and pay or deliver all eligible abandoned property, including the unredeemed bonds and coupons referenced above, to the Department of Revenue.

The following regulations and procedures are prescribed with respect to the return of the above-mentioned moneys.

a. Amounts returned from fiscal agencies at the request of local treasurers should be accounted for in the debt service fund. Concurrent entries should be recorded in the fiscal agency account to reflect the return of the moneys to the debt service fund. If the bonds or coupons are subsequently presented for payment, they should be paid from the moneys so held.

b. The amounts returned from fiscal agencies should not be used to meet current debt service requirements. However, interest earnings on any investments of amounts returned from fiscal agencies will be available to reduce currently required additions to the debt service funds according to the following procedures:

(1) In the case of general obligation bonds, such interest earnings should be retained in the debt service funds, and currently required additions to such funds should be reduced accordingly.

(2) In the case of revenue bonds, such interest earnings may be retained, thereby reducing currently required additions to such funds from operating revenues, or such interest earnings may be placed into the current or operating fund.

The state or local treasurer shall remain obligated for the final redemption of the unredeemed bonds and coupons pursuant to RCW 43.80.160.

Before a duplicate instrument is issued, the issuing officer should require the person making application for its issue to file in his/her office a written affidavit specifically alleging on oath that he/she is the proper owner, payee, or legal representative of such owner or payee of the original instrument, giving the date of issue, the number, amount, and for what services or claim or purpose the original instrument or series of instruments of which it is a part was issued, and that the same has been lost or destroyed, and has not been paid or received by him/her.

The following is a sample for use by all political subdivisions.

AFFIDAVIT

STATE OF WASHINGTON,)
ss,
County of _____)

I, _____, being first duly sworn upon oath, depose and say that I am the proper owner, payee, or legal representative of such owner or payee of _____, original _____ No. _____, dated
(City/County/District) (Describe Instrument)

_____, in the amount of _____ Dollars ($_____)

which said instrument was issued in payment for

_____

and that the same has been lost or destroyed and has not been paid.

Signature _____

Witnessed by me this _____ day of _____.

_____
Witness [1]

Residing at _____

[1] City/county/district may require the affidavit to be signed by a notary public.

Chapter 10
Other Liabilities

This Chapter has been left blank intentionally.

Chapter 11

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Chapter 12. Interpretations And Miscellaneous

This chapter of the manual contains detailed explanations of selected topics, pronouncements, or laws affecting local governments.

The most significant source of input to this chapter should be the manual users themselves. If you have any suggestions for new topics, please copy a request form from the back of this page and mail it to the address listed on the bottom of the form.

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REQUEST FOR INTERPRETATION

Request Made By

Name _____

Entity _____

Phone _____

Topic Or Issue

_____

_____

_____

Recommendation _____

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When completed, send to:

State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031
FAX (360) 586-6571

1. **COUNTY FAIR OPERATIONS**

a. Management Of Fair Operations

RCW 36.37.040 states in part:

> "The board of county commissioners may employ persons to assist in the management of fairs or by resolution designate a nonprofit corporation as the exclusive agency to operate and manage such fairs."

Referring to the above statute, the Attorney General has emphasized that the Legislature has not authorized the county to operate a fair jointly with any private person or group, but only to employ persons to assist in the management of fairs or to designate a private corporation as the exclusive agency to operate and manage such fairs.

b. Deposit Of Funds Received By A County Fair Operation

The Attorney General has stated that all funds received by a county fair operation, such as allocated pari-mutuel funds, donations, and proceeds from the operation of the fair, must be properly deposited in the county treasury under the provisions of RCW 36.29.010 and .020.

c. Establishment Of Fund To Operate Fair

At the option of the board of county commissioners, the county fair may be operated as a department within the general (current expense) fund or it may be operated as a separate County Fair Fund. If a fair fund is established and borrows from the general (current expense) fund, interfund loan procedures must be followed, except that no interest on the interfund loan needs to be charged.

Within the fund chosen for the operation of the fair, the board of county commissioners may authorize the county auditor to provide a revolving fund to be used by the fair officials for the conduct of the fair. The purpose of the revolving fund is to allow for immediate payment of premiums, casual labor and the many other items needed during the period the fair is being conducted without going through the formality of a warrant issue.

Part 3, Chapter 3, Section C, *Petty Cash* contains the minimum requirements for the establishment and operation of a revolving fund. All those requirements apply except that a paid receipt or properly executed invoice voucher will not be required for premiums or prizes disbursed. A list of premium or prize winners, supplemented by entry records and certified by the fair board, will suffice to evidence expenditures for this purpose.

2. COUNTY TREASURER'S OPERATION AND MAINTENANCE FUND

RCW 84.56.020(8) requires that fees and costs applicable to the foreclosure, distraint and sale of real and personal property for delinquent taxes must be deposited into the Treasurer's Operation and Maintenance Fund. These moneys should be used by the county treasurer to defray the cost of further foreclosure, distraint and sale for delinquent taxes without regard to budget limitations.

Allowable expenditures include postage, filing fees, employee time, legal notices, title searches, etc. The following standard procedure should be used for all expenditures made from the Operation and Maintenance Fund:

> When disbursements are made, the county treasurer should prepare a voucher in the regular manner, supported by detail documenting the expenditures. The treasurer should place his/her certification on the face of the voucher prior to presenting it to the county auditor, who should then draw a warrant against the Treasurer's Operation and Maintenance Fund, in the same manner as is done for any other county fund.

3. **DIVERSION OF COUNTY ROAD PROPERTY TAXES**

RCW 36.33.220 authorizes the legislative authority of a county to divert any portion of the county road property taxes to provide services in the unincorporated area of the county. RCW 36.82.040 requires that so diverted taxes be placed in a separate and identifiable account within the county's general (current expense) fund.

To assist compliance with the provisions of these statutes, the following procedures are prescribed:

a. The county road property taxes diverted to the general (current expense) fund should be presented in the budget of the general (current expense) fund as an estimated revenue. They should be clearly separated from the estimated revenues budgeted from regular property taxes.

b. The moneys received for diverted county road taxes should be receipted directly into the general (current expense) fund and credited to the revenue account 311.20, *Diverted County Road Property Taxes*. That portion of the county road property taxes designated for diversion should not be levied for the road fund and then transferred to the general (current expense) fund.

c. Those counties which divert any portion of the county road taxes should develop accounting procedures that document that the diverted county road property taxes were used to provide services in the unincorporated area of the county.

4. **ACCOUNTING FOR TWO PERCENT OF LIQUOR TAXES AND PROFITS FOR SUBSTANCE ABUSE TREATMENT PROGRAMS**

RCW 70.96A.087 provides that to be eligible for receiving a share of liquor taxes and profits, each city, town, or county must devote no less than two percent of its share of liquor taxes and profits to support programs for treatment of substance abuse and other drug addictions. Programs must be approved by the board authorized by RCW 70.96A.300 and the Secretary of the Department of Social and Health Services.

A city, town, or county that does not have its own facilities or programs for the treatment and rehabilitation of substance abusers, may share the use of another city or county facility or program as long as it contributes no less than two percent of its share of liquor taxes and profits to support these facilities or programs (RCW 70.96A.085).

All liquor taxes and liquor board profits received from the state should be credited initially into the city's or county's general (current expense) or special revenue fund. This money should be coded 336.06.94 for liquor excise taxes and 336.06.95 for liquor control board profits.

Distribution of the money should be handled in a manner legally authorized by the statute. Expenditures related to substance abuse treatments should be coded to account 566 whether the expenditures are in support of the city's or county's own facilities/programs or contributions to others.

The two percent portion and any additional amounts expended for the substance abuse treatment should be budgeted in the general (current expense) or special revenue fund in accordance with the provisions of Chapters 35.32A, 35.33 and 36.40 RCW.

5. **ACCOUNTING FOR DEPARTMENT OF SOCIAL AND HEALTH SERVICES (DSHS) WORKING CAPITAL ADVANCES**

DSHS provides working capital advances to counties and cities in conjunction with the DSHS programs such as aging, mental health, developmental disabilities and alcohol and drug rehabilitation. These advances are intended for working capital or a *cash float*.

Even though called working capital the advances are treated as fund debt and therefore, they are not a revenue or an increase to net cash and investments. As such, they cannot be budgeted. The expenditure portion of the budget must be balanced by any beginning net cash and investments plus estimated revenues.

In single-entry systems the receipt should be recorded in account 382.80, *Intergovernmental Loan Proceeds*.

When the working capital advance is paid back to the DSHS, the disbursement should be recorded in account 582.00, *Redemption of Long-Term Debt*.

6. ACCOUNTING FOR PROSECUTING ATTORNEYS' SALARIES

RCW 36.17.020 provides that: "One-half of the salary of each prosecuting attorney shall be paid by the state." This money should be coded to account 334.00.11.

In order for the state treasurer to remit to each county one-half of the prosecuting attorney's salary, the following information must be supplied to the state treasurer:

> A resolution signed by the county commissioners or legislative authority establishing the prosecuting attorney's salary, or a copy of the resolution signed by the county commissioners or legislative authority adopting the county's budget and a copy of the particular page of the budget showing the prosecuting attorney's salary. This page must be certified by the county auditor as a true copy of that portion of the budget.

The above information must be supplied to the state treasurer every time the salary of the prosecuting attorney is changed.

7. **CONFIDENTIAL FUNDS (DRUG BUY MONEY, INVESTIGATIVE FUNDS)**

Confidential funds are those funds allocated to the following three types of law enforcement undercover operations:

a. Confidential investigative expenses are for the purchase of services and would include travel or transportation of an undercover officer or an informant. The lease of an apartment, business front, luxury- type automobiles, a boat, aircraft or similar effects to establish the appearance of affluence, credibility and a general atmosphere conducive to the undercover role would also be in this category. Meals, beverages, entertainment and similar expenses for undercover purposes, within reasonable limits, would also be included.

b. Confidential funds for the purchase of evidence would include the purchase of evidence and/or contraband such as drugs, firearms, stolen property, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

c. Confidential funds for the purchase of specific information from informants.

Confidential expenditures are subject to appropriation by the municipality's governing body. The governing body must assure that the controls over disbursements are adequate to safeguard against misuse of such funds. When the funds are replenished, legislative approval should be based on a finding that the expenditures were necessary and reasonable for proper and efficient administration of the program under which they were used.

The funds authorized should be established in an imprest fund. Part 3, Chapter 3, Section C, prescribes the minimum requirements for the establishment and operation of an imprest fund. In addition to all those requirements the following apply:

a. The supervisor of the unit to which the imprest fund is assigned must authorize all advances of moneys to agents or officers for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures, and assumed name of informer.

b. The investigation unit must maintain confidential files of the true names, assumed names, and signature of all informers to whom payments have been made. To the extent practicable pictures and/or fingerprints of the informer payee should also be maintained.

c. The custodian should receive from the agency or officer authorized to make a confidential payment, a receipt for cash advanced to him/her for such purposes.

d. The agent or officer should receive from the informer a receipt of the following nature:

RECEIPT FROM INFORMER PAYEE

Receipt

For and in consideration of the sale and delivery to the (state/county/city) of _____ of information or evidence identified as follows:

_____

_____

_____

I hereby acknowledge receipt of $ _____ paid to me by (state/county/city) of _____.

Date: _____ Signature: _____

_____
*Witness (if any)

* The witness requirement is not mandatory in all instances, depending on the nature of the meeting and exchange of funds. A requirement should be in effect that on 25 percent of the contacts, when payments are made, a second agent appear as the witness to the transaction. In addition, on ten percent of the meetings the agent or officer in charge should be present to verify the payment to the informer.

e. The signed receipt from the informer payee with a memorandum detailing the information received must be forwarded to the agent or officer in charge. The agency or officer in charge must compare the signature on the receipt with the confidential file of assumed name signatures. He/she must also evaluate the information received in relation to the expense incurred, and add his/her evaluation remarks to the report of the agent or officer who made the expenditure. A certification of payment to the custodian should serve as support for the expenditure from the imprest fund. The certification should be witnessed by the agent or officer in charge on the basis of the report and informer payee's receipt.

f. Each agent or officer in charge must prepare a quarterly report showing status and reconciliation of the imprest fund and itemizing each payment, name used by informer payee, information received and use to which information was put. This report must be made part of the files and reviewed quarterly by the head of the municipality's law enforcement agency.

8. **ELECTION COST ALLOCATIONS TO STATE, CITIES, TOWNS, AND OTHER TAXING DISTRICTS**

This interpretation establishes uniform procedures for allocating election costs incurred by counties. These procedures are mandatory for elections held after January 1, 1986.

The following statutes require that counties be reimbursed for the cost of conducting elections covering ballot issues for the state of Washington, cities and towns, and other districts.

RCW 29.13.045 Every city, town and taxing district shall be liable for its proportionate share of election costs. Special election costs shall be borne by the city, town or district concerned.

RCW 29.13.047 The state shall assume a prorated share of election costs when state officers or measures are voted upon in an odd-numbered year.

a. Segregate Voter Registration Costs from Elections

BARS account 511.80 is prescribed for voter registration costs.

b. Charge Only Allowable Election Costs

BARS account 511.70 is prescribed for election costs. Costs charged to this account must be specifically for election purposes and will include proper object codes. Time records and other documentation must be maintained to support expenses allocated to election costs. Allowable costs include the following:

(1) Salaries and Wages (BARS Object 10)

Include salaries and wages, including overtime, for time specifically devoted to elections. Include the time of Election Department employees, precinct officers, voting machine custodians and extra election help. A portion of the salary of the county auditor may also be included.

Adequate records are to be maintained to support payroll charges. This includes approved time sheets with descriptions of work performed.

(2) Employee Benefits (BARS Object 20)

Include those benefits associated with the salaries and wages identified above.

(3) Supplies (BARS Object 30)

Include articles and commodities purchased for consumption exclusively for elections (e.g., stationery, forms, cards, pencils, small items of equipment, items for the repair and maintenance of equipment, etc.). The cost of large supply purchases shall be apportioned between the elections benefited. Elections operated as an internal service fund would be expected to inventory such purchases and charge the costs as the inventory is used.

(4) Other Services and Charges (BARS Object 40)

Include:

(a) Communication - Charges for telephone and postage associated with elections.

(b) Transportation - Cartage for voting machines, devices and booths, messenger service, and travel expense including mileage allowance for delivery of returns.

(c) Advertising - Charges for legal notices and published instructions in connection with elections, including closing of registration, etc.

(d) Printing and Binding - Charges for ballots, instructions, records, signs, etc.

(e) Repairs and Maintenance - Charges for repair and maintenance to election equipment.

(f) Rentals - Charges for polling spaces, storage spaces for voting equipment, etc.

(5) Machinery and Equipment (BARS Object 64)

Do not include charges for capital outlays. However, depreciation or use charges for such items as voting machines, devices, ballot tab equipment, booths, flag poles, flags, etc., are allowable. Charges must be based on rates that will result in a reasonable recovery of the original equipment over its useful life. Ledgers detailing historical cost, estimated salvage value, useful life, and accumulated charges shall be available.

No depreciation or use charge is allowable where the 15 percent overhead factor is used. See part f.

(6) Interfund Payment for Services (BARS Object 90)

Include expenditures made to other funds for services rendered. Allowable interfund charges include costs for computer time, software development, and equipment or facility rental. Charges must be consistent with those to other funds and departments.

No interfund charges are allowable where the 15 percent overhead factor is used. See part f.

In the absence of guidance on allowability of costs, the cost standards included in Cost Principles Applicable to Grants and Contracts with State and Local Governments published by the Office of Management and Budget as Circular A-87 will apply.

c. Use Subelement Digit to Account for Specific Activities

The BARS account structure allows for a further subdivision of election costs. Precinct, Election Department, and voting machine maintenance costs may be accounted for within BARS Account 511.70. For example, Account 511.70 may be subdivided using the "subelement" digit as follows:

Precinct Costs	511.71
Election Department	511.73
Voting Machine Maintenance	511.75
Direct Costs	511.77
Recount Costs	511.78

The needs for such information and the resulting account numbers will vary from county to county. This interpretation does not require a further subdivision of Account 511.70.

d. Special Ballot Issue Costs May Be Recovered Directly

The additional cost of printing ballots for special ballot issues and the cost of publishing legal notices for such issues may be charged directly to the appropriate district. This should be necessary only in general or primary elections. For example, costs of extra ballots and special legal notices for a school district bond levy in a November election may be charged directly to the district.

e. Election Operations May Be Recorded as an Internal Service Fund

Election operations may be set up as an internal service fund, as a special revenue fund or as a department of the general fund. By its very nature, an internal service type operation would record all of the allowable election costs discussed in part b of this interpretation.

Record election costs billed to county funds in BARS Account 349.11. The general fund will charge BARS Account 511.70, Object 90, in paying these costs. Record billings to outside districts and other constituencies in BARS Account 341.45.

f. Overhead is Allowable

Overhead or indirect costs are allowable using an approved federal indirect cost allocation plan. Most plans include costs from central service departments. Do not include in the plan costs already included as an internal service fund charge. Circular A-87, mentioned above, contains guidance on indirect costs.

In the absence of an approved plan, a flat 15 percent of adjusted general election costs is allowable for overhead. Adjusted general election costs are the total of salaries and wages, employee benefits, supplies, and other services and charges properly charged to BARS Account 511.70 (BARS Objects 10-40).

The 15 percent overhead factor is in lieu of interfund charges and depreciation. The factor may be used when elections are accounted for as an internal service fund, a special revenue fund or a department in the general fund.

g. The Method of Allocating Costs Depends on the Method of Processing Votes

(l) Allocation of Costs Where Votes Are Tallied Using Punch Cards

The following allocation method must be used when elections are conducted using punch cards (Chapter 29.34 RCW). This method spreads election costs based upon the number of voters in a jurisdiction. Additional ballot measures and positions add costs at a rate of 20 percent. A different rate may be allowed. See part h.

(a) Determine total election costs to be allocated.* See part b of this interpretation and Attachment l.

(b) Determine a factor for the number of issues and offices for each jurisdiction. A factor of l.0 will be assigned for the first ballot issue or office for the jurisdiction. Each additional issue or office will add 0.2 to the factor. For example, a city with 3 offices to be decided would have a factor of l.4 (l.0 + 0.2 + 0.2).

* This amount will be the total in Account 511.70 adjusted for depreciation/capital outlay, overhead or indirect costs, total minimum fees, and special costs to be billed directly to taxing districts. See Attachment l, Schedule 2.

(c) Multiply the issue and office factor determined in step (b) times the number of voters in that jurisdiction. This will give a weighted registration factor.

(d) Total the weighted registration factors (step (c)) for all jurisdictions.

(e) Divide the weighted registration factor (step (c)) for each jurisdiction by the total weighted registration factor (step (d)) to yield a percentage cost factor.

(f) Multiply the percentage cost factor (step (e)) times the election costs to be allocated to allocate general election costs.

(g) Add the fifty dollar fee and any direct costs. This will give the amount due from the jurisdiction.

Attachment 2 illustrates how the allocation shall be made.

(2) Allocation of Costs Where Voting Machines or Paper Ballots Are Used

The following allocation method must be used when elections are conducted using voting machines or paper ballots (Chapter 29.30 RCW). This method spreads election costs based upon the number of voters in a jurisdiction. Additional ballot measures and positions add costs at an effective rate of 100 percent. A different rate may be allowed. See part h.

(a) Determine total election costs to be allocated.* See part b of this interpretation and Attachment l.

(b) Determine the number of registered voters in each jurisdiction concerned.

(c) Determine the number of positions to be filled together with the number of measures (if any) each jurisdiction is submitting to the voters. Each such position and measure is to be counted as a single unit.

(d) Multiply each registration figure as described in step (b) by the applicable number of units as determined by step (c). This will give a weighted registration factor.

(e) Total the weighted registration factors (step (d)) for all jurisdictions.

(f) Divide the total weighted registration factor (step (e)) into each of the respective weighted registration factors (step (d)). This establishes the percentage cost factor each jurisdiction is to share of the election costs to be allocated.

(g) Multiply the percentage cost factor established in step (f) times the election costs to be allocated (step (a)). The product of this computation is the allocated general election costs.

* This amount will be the total in Account 511.70 adjusted for depreciation/capital outlay, overhead or indirect costs, total minimum fees, and special costs to be billed directly to taxing districts. See Attachment l, Schedule 2.

(h) Add the fifty dollar minimum fee and any direct costs. This will give the amount due from the jurisdiction.

Attachment 3 illustrates how the allocation must be made.

h. A Different Factor for Additional Issues and Offices May Be Allowed

As outlined in section g, the weighted registration factor is adjusted for additional issues and offices each jurisdiction places on the ballot. Elections conducted using punch cards must increase each jurisdiction's cost by a 20 percent factor for each additional issue and office. Likewise, elections conducted using voting machines or paper ballots must use 100 percent.

If the County Auditor believes that use of the applicable percentage results in an unreasonable result, the State Auditor's Office may approve a different percentage. The County Auditor should contact our office for such approval. In no event may a different percentage be used without our prior approval.

i. Charge a Fifty Dollar Minimum Fee

The County Auditor shall collect a minimum fee of fifty dollars per jurisdiction. The fee will be charged to all jurisdictions holding an election and will be added after the allocation of general election costs. See Attachment 2, column 8 or Attachment 3, column 7.

These fees shall not exceed a rate of five dollars per registered voter. The total minimum fees charged will be subtracted from total adjusted election costs. See Attachment l, Schedule 2.

j. Account for Costs of Recounts Separately

Where ballots are recounted, the jurisdiction or the candidate is charged the cost (Chapter 29.64 RCW). These costs should be accounted for separately. Recount billings to the jurisdiction shall be shown apart from charges for other election costs. The fee collected is a charge for a service. Use BARS Account 341.45.

k. Effective Date

This interpretation will be effective January 1, 1986. Costs incurred prior to this date are chargeable, provided they have not already been recovered under an earlier accounting method.

BUDGET REPORTS

BUDGET DETAIL REPORT
12/31/84

	Budget	Expenditures	Balance
001 010 ELECTIONS:			
001 010 100 General Election #1:			
511.70 Election Costs-General:			
10 Salaries & Wages			
11 Salary	$20,000.00	$18,000.00	$2,000.00
12 Extra Help	2,000.00	1,000.00	1,000.00
Total Salaries & Wages	22,000.00	19,000.00	3,000.00
20 Personnel Benefits			
20 Personnel Benefits	2,000.00	1,800.00	200.00
Total Pers. Benefits	2,000.00	1,800.00	200.00
30 Supplies			
30 Office & Oper. Supplies	500.00	500.00	0.00
Total Supplies	500.00	500.00	0.00
40 Other Services & Charges			
42 Communication	300.00	250.00	50.00
44 Advertising	400.00	400.00	0.00
49 Printing & Binding	700.00	600.00	100.00
Total Other Services and Charges	l,400.00	1,250.00	150.00
60 Capital Outlay			
64 Machinery & Equipment	3,000.00	2,500.00	500.00
Total Capital Outlay	3,000.00	2,500.00	500.00
90 Interfund Payment for Services			
95 Interfund Operating Rentals & Leases	1,200.00	1,200.00	0.00
Total Interfund Payment for Services	l,200.00	1,200.00	0.00
Total 511.70 Election Cost-General	30,100.00	26,250.00	3,850.00
001 010 200 Direct Election Costs:			
5ll.77 Election Costs-Direct:			
49.01 Printing & Binding, School District 101	100.00	85.00	15.00
49.02 Printing & Binding School District 201	100.00	85.00	15.00
Total Printing & Binding	200.00	170.00	30.00
Total 5ll.77 Election Costs-Direct	200.00	170.00	30.00
TOTAL ELECTIONS	$30,300.00	$26,420.00	$3,880.00

ELECTION COSTS TO BE ALLOCATED

This schedule illustrates a case where elections are handled as a department of the general fund and the 15% overhead factor is used in place of an approved indirect cost allocation plan.

Object		
10	Salaries & Wages	$19,000.00
20	Personnel Benefits	1,800.00
30	Supplies	500.00
40	Other Services & Charges	1,250.00
	General Election Costs	$22,550.00
	Add: Overhead ($22,550.00 x 15%)	3,382.50
	Total General Election Costs	$25,932.50
	Less: Total Minimum Fees (5 Jurisdictions @ $50)	(250.00)
	General Election Costs to be Allocated	$25,682.50

Attachment 2

PUNCH CARD BALLOTS

ALLOCATION OF ELECTION COSTS

1	2	3	4	5	6	7	8	9	10
Jurisdiction	Registered Voters	Issue and Office Factor Number Factor		Weighted Registration Factor[1]	Percentage Cost Factor[2]	Allocation of General Election Costs[3]	Minimum Fee	Direct Costs[5]	Total Costs
State	5,000	7	2.2	11,000	0.5263	$13,516.70	$ 50.00	$ -	$13,566.70
County	5,000	3	1.4	7,000	0.3349	8,601.07	50.00	-	8,651.07
School District 101	1,000	2	1.2	1,200	0.0574	1,474.18	50.00	85.00	1,609.18
School District 201	1,000	2	1.2	1,200	0.0574	1,474.18	50.00	85.00	1,609.18
City of Small	500	1	1.0	500	0.0240	616.37	50.00	-	666.37
	$12,500			20,900	1.000	$25,682.50[4]	$250.00	$170.00	$26,102.50

1. Column 2 times Column 4
2. Column 5 divided by 20,900
3. Column 6 times $25,682.50
4. Source: Attachment 1, Schedule 2
5. Printing costs source: Attachment 1, Schedule 1

Note that columns 7 and 8 total $25,932.50, which equals total general election costs on Schedule 2 (Attachment 1).

VOTING MACHINES OR PAPER BALLOTS

ALLOCATION OF ELECTION COSTS

1	2	3	4	5	6	7	8	9
Jurisdiction	Registered Voters	Number of Issues and Offices	Weighted Registration Factor[1]	Percentage Cost Factor[2]	Allocation of General Election Costs[3]	Minimum Fee	Direct Costs[5]	Total Costs
State	5,000	7	35,000	0.6422	$16,493.30	$ 50.00	$ -	$16,543.30
County	5,000	3	15,000	0.2752	7,067.82	50.00	-	7,117.82
School District 101	1,000	2	2,000	0.0366	939.98	50.00	85.00	1,074.98
School District 201	1,000	2	2,000	0.0366	939.98	50.00	85.00	1,074.98
City of Small	500	1	500	0.0094	241.42	50.00	-	291.42
	12,500		54,500	1.0000	$25,682.50[4]	$250.00	$170.00	$26,102.50

1. Column 2 times Column 3
2. Column 4 divided by 54,500
3. Column 5 times $25,682.50
4. Source: Attachment 1, Schedule 2
5. Printing costs source: Attachment 1, Schedule 1

9. ACCOUNTING FOR PATHS AND TRAILS

Under Chapter 47.30 RCW, certain cities, towns, and counties may use a portion of their motor vehicle fuel tax funds to establish and maintain paths and trails for pedestrians, equestrians or bicyclists as a part of streets, roads and highways.

The amount a city or county expends annually must be at least one-half percent of the total amount of funds received from the motor vehicle fund according to the provisions of RCW 46.68.100. In lieu of expending the funds each year, however, a city or county may set aside such funds into a financial reserve account or a special reserve fund to be held for this specific purpose provided it is expended within ten years.

Chapter 47.30 RCW is limited to those cities in which the one-half percent exceeds $500 per year and to those counties in which the one-half percent exceeds $3,000 per year. In effect, this means that the annual income from motor vehicle fuel tax must exceed $100,000 for a city or $600,000 for a county before it is mandatory to fund paths and trails. Cities and counties with less annual income from motor vehicle fuel tax may fund paths and trails, but are not required to do so.

Also, per the Attorney General Memorandum dated June 7, 1982, until a city or county has set up a comprehensive plan for arterial streets and roads as required by RCW 47.26.170, they are not required to allocate any portion of the motor vehicle funds to a paths and trails fund. If the local government wishes to receive urban arterial trust moneys, they must have a comprehensive plan which includes provisions for paths and trails. Once a plan is set up, the requirements of RCW 47.30.050 apply.

Revenues from the motor vehicle fuel tax shall be deposited in the respective City Street, Arterial Street, or County Road Fund and be credited to the appropriate 336 account. All expenditures for paths and trails should be made from the City Street, Arterial Street, or County Road Fund. Account 595.62 should be charged for construction, 541.62 for preservation, and 542.62 for maintenance.

In the event the expenditures accumulated in these accounts at the end of each year do not equal the percentage of motor vehicle fuel tax revenue reserved for this exclusive use, the unexpended balance should be reserved <u>or</u> deposited in a special revenue fund.

Cities or counties exercising the financial reserve option should reserve a portion of fund balance within the operating fund. Cities or counties exercising the special fund option should create a Paths and Trails Reserve Fund.

10. COUNTY AUDITOR'S OPERATION AND MAINTENANCE FUND (RECORDING FEES)

RCW 36.22.170 requires the county auditors to impose a surcharge of two dollars per instrument for each document recorded. This is in addition to any other charge authorized by law. Fifty percent of the surcharge should be deposited to the Auditor's Operation and Maintenance Fund (account 341.36) and fifty percent should be deposited in an agency fund (account 386.00) and remitted to the state treasurer. The state treasurer will distribute such funds every July to the counties in accordance with the formula described in RCW 36.22.190. Funds distributed by the state should be deposited to the Auditor's O&M Fund (account 336.04.11). These funds should be used for ongoing preservation of historical documents of all county offices and departments.

Historical documents include both ancient and contemporary documents. Many contemporary county documents have importance to history and are part of a chronological record of events in the development of a particular county and the state of Washington.

The County Auditor's Operation and Maintenance Fund is subject to budget requirements and must be appropriated.

RCW 36.22.175(1) requires a surcharge of one dollar per instrument for each document recorded, this is in addition to any other charge authorized by law. Revenue generated through this surcharge should be transmitted monthly to the state treasurer for deposit in the archives and records management account. These funds should be used solely for providing records scheduling, security microfilm inspection and storage, archival preservation, cataloging, and indexing for local government records and digital data and access to those records and data through the regional branch archives of the division of archives and records management.

RCW 36.22.175(3) requires a surcharge of one dollar per instrument for every document recorded after January 1, 2002, this is in addition to any other charges authorized by law. Revenue generated through this surcharge should be transmitted to the state treasurer monthly for deposit in the archives and records management account to be used exclusively for the construction and improvement of a specialized regional facility.

RCW 36.22.160 authorizes each county auditor to install and maintain an improved system for copying, preserving, and indexing documents recorded in the county. The initial installation of the improved system should include:

(1) The acquisition, installation, operation, and maintenance of the appropriate equipment; and

(2) The establishment of procedures for the continued preservation, indexing, and filing of all instruments and records that will, after the effective installation date, constitute a part of the improved system.

When disbursements are made, the county auditor should prepare a voucher in the regular manner, supported by details, documenting the expenditures. The auditor should place his/her certification on the face of the voucher and then draw a warrant against the Auditor's Operation and Maintenance Fund, in the same manner as is done for any other county fund.

The transactions are summarized as follows:

Revenue	Account Number	Account Description
$___.__	341.21	Auditor's Filings and Recordings General (Current Expense) Fund
$1.00	341.36	Auditor's Centennial Document Preservation and Modernization Surcharge (Auditor's O&M Fund)
$1.00	386.00	Centennial Document Preservation and Modernization Agency Deposit (Agency Fund). Monthly remittance to the state treasurer.
$2.00	386.00	Archives and Records Management Agency Deposit (Agency Fund). Monthly remittance to the state treasurer. (RCW 36.22.175(1), (3)).
$___.__	336.04.11	Auditor's Centennial Document Preservation and Modernization (Auditor's O&M Fund). The state treasurer's distribution of the surcharge to the county.

11. SOLID WASTE UTILITIES: CLOSURE COST ACCOUNTING

The Department of Ecology (DOE) mandates solid waste landfill closure standards in WAC 173-304-467 and WAC 173-351-600. The standards prescribe specific closure procedures and the funding of them. While these standards apply to a landfill's closure, they are associated with its operation and represent a material cost to be recognized during its operation.

WAC 173-304-467 and WAC 173-351-600 require each owner or operator to prepare written closure and postclosure cost estimates as part of the facility closure plan. This plan is to be reviewed annually and adjusted for cost changes, including inflation.

Each owner or operator is also required to either establish a reserve account or provide another form of financial assurance that, over the life of the facility, funds will be adequate to cover the costs of closing the facility in accordance with state and federal regulations (RCW 70.95.215). DOE rules require that reserve accounts be set aside as restricted assets. These requirements apply to all landfill disposal facilities.

12. CRIMINAL JUSTICE FUNDING

Criminal justice funding comes to the cities and counties in a number of formulas and requirements specified in statute. The following is a summary of the distributions including BARS coding:

A. Cities and counties will receive quarterly distributions based on formulas specified in the statute (RCW 82.14.310 and .320). For counties, the formula is based on population, crime rate and felony criminal cases filed for trial. For cities, the formula is based primarily on a high crime rate. Both of these distributions are coded 336.06.10.

B. A second distribution to cities (RCW 82.14.330) is based on many different factors. A portion of this distribution is based on the violent crime rate and population and is allocated quarterly. This distribution is coded 336.06.21.

C. The other distributions depend on programs and services provided by cities. Funding is available in one or more of the following areas:

1. Innovative law enforcement strategy;
2. Programs to help at-risk children, or child abuse victims response programs;
3. Programs to reduce the level of domestic violence or provide counseling for domestic violence victims; and
4. Contracts with other entities for law enforcement.

To receive these funds, cities must apply to the Department of Community, Trade and Economic Development and meet requirements published by the Community Protection and Development Services. Compliance with those requirements is subject to an audit. These distributions are coded to BARS accounts 336.06.22, .23, .24 and .25.

The distributions described in paragraphs A and B are limited by the following wording in the statute: "Moneys distributed under this section shall be expended exclusively for criminal justice purpose and shall not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020. Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures."

The following guidance is in response to the restrictions imposed by the above quotation from the law.

CRIMINAL JUSTICE PURPOSES

All of the moneys made available to local governments through this legislation are limited to funding of criminal justice purposes. Criminal justice purposes can be defined as activities relating to the enforcement and administration of the criminal law. The term "Criminal justice purposes" indicates a broad definition which would encompass all costs incurred in connection with the administration and enforcement of criminal laws, including those systems for dealing with persons suspected of, accused of, charged with, or convicted of crimes and domestic violence services.

Cities and counties need to be aware that this funding is primarily for criminal justice. However, the statute does allow for benefit to the civil justice system. The benefit to the civil justice system should be a secondary benefit as a result of expenditures primarily for the criminal justice system.

SUPPLANTING OF EXISTING FUNDS

Existing funding is defined as calendar year 1989 actual operating expenditures for criminal justice purposes excluding expenditures for:

1. Extraordinary events not likely to reoccur;

2. Changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services; and

3. Major nonrecurring capital expenditures.

The new state funding may be used for capital and other nonrecurring expenditures so long as the expenditure is for criminal justice purposes and is reasonable (e.g., the purchase of police cars). However, if a new roof is put on the county courthouse, only that portion that applies to criminal justice purposes would qualify (i.e., allocating the cost of the roof by square footage).

An entity would be supplanting by paying back interfund loans where the borrowed funds were used for criminal justice purposes. The repayment of these loans would be the equivalent of replacing existing criminal justice funding. The intent of the act is to ensure that the new funding results in increased financial resources devoted to criminal justice purposes.

As these moneys are expended, an entity must ensure that the criminal justice expenditures are at least equal to the base of "existing funds" plus selected revenues generated by the latest legislation. Once the base is established, the accounting system may be expanded by the following methods to ensure compliance with the non-supplanting provisions of the law:

1. An accounting system may employ budgetary and accounting code controls for the use of these funds.

OR

2. A new fund may be established should the entity feel it is necessary.

It is the entity's responsibility to provide evidence for an audit that it did not supplant existing funding. Therefore, it is important to document the base year (1989 expenditures less major capital or nonrecurring items), and the actual criminal justice expenditures and reserved fund balance for the current year.

13. **RISK MANAGEMENT**

This interpretation establishes the accounting and financial reporting requirements for risk management activities of local governments.

Report To State Auditor's Office By Local Governments Which Provide Claims Servicing or Insurance Coverage to Others.

This one-time report should be submitted to the State Auditor's Office for financial reports covering accounting periods which end on December 31, 1991 or after. A revised report should also be submitted to the State Auditor's Office whenever new relationships are established and whenever existing relationships are revised or terminated. Negative reports are required. A copy of any such report should be maintained on file at the entity for subsequent review and inspection by the state auditor. Please refer to Example 1 in the following pages for report format.

Report To State Auditor's Office By Local Governments Which Individually Assume Or Self-Insure Property Or Liability Risks.

Chapter 48.62 RCW establishes a new reporting requirement for all local governmental entities which individually assume or individually self-insure property or liability risks. This one-time report should be submitted to the State Auditor's Office for financial reports covering accounting periods which end on December 31, 1991 or after. A revised report should also be submitted to the state auditor whenever there is a change in the class of risk the entity assumes or self-insures. The information which must be included in this report is indicated on the attached report forms. A copy of any such report should be maintained on file at the entity for subsequent review and inspection by the state auditor.

This report does not include the self-insurance of unemployment compensation (Chapter 50.44 RCW) or industrial insurance (Chapter 51.14 RCW).

Use the following instructions when preparing this report for local governmental entities which individually assume or self-insure property or liability risks (Examples 2 and 3):

a. Report all known risks which have been either assumed or self-insured by the entity. If there is some doubt about whether or not to include a risk on this report, we recommend you disclose the information rather than omit it.

b. Indicate the date of the report being filed. For the initial report, include the appropriate fiscal period covered. For any subsequent report indicating a change to the risks being assumed, or claims servicing and insurance coverage provided to others, indicate the effective date of the change being reported.

c. Indicate the name, telephone number, and mailing address for the focal point of the entity's self-insurance program (e.g., manager of program).

d. Indicate the class of property or liability risks the governing body of the entity has decided to assume, as well as the appropriate dollar level involved. Also, indicate the effective date that the entity began assuming the responsibility for each "class of risk". Report this information by the following categories:

(1) Deductible Provision for Purchased Commercial Insurance Policies.

(2) Deductible Provision for Participation in Public Entity Risk Pools.

(3) All Other.

If there is some doubt about the appropriate category of risk to be used, we recommend you disclose the information rather than omit it.

Additionally, use the following instructions when preparing this report for local governmental entities which individually self-insure property or liability risks (Example 3):

e. Identify the amount and type of all program investments, the distribution of the assets, and the designation of the asset depository and investment agent.

f. Indicate if claims are administered by the entity's staff or whether the entity uses the services of a third party administrator. If so, include name, telephone number, and address of firm.

g. Indicate if the entity maintains historical claims costs or uses the services of an actuary. If so, include name, telephone number, and address of firm.

h. Indicate if the entity uses the services of a Certified Public Accountant, other than the State Auditor's Office (SAO). If so, include name, telephone number, address, and type of service provided by firm. Entity should also indicate whether the services were obtained by contract through the SAO.

PLEASE REFER TO THE FOLLOWING PAGES FOR SAMPLE REPORTS.

Example 1

LOCAL GOVERNMENT WHICH PROVIDES
CLAIMS SERVICING OR INSURANCE COVERAGE TO OTHERS

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Organization:

Name: _____
Type: _____
Date Established: _____

Copies of the following documents are attached:

1. Document creating the organization
2. List of participating members, including identifying predominate member
3. Approval correspondence from state risk manager, if any

Does the entity provide claims services? If yes, describe the type of insurance claims managed.

_____
_____
_____

Does the entity provide insurance coverage to others? If yes, indicate the type of insurance and policy limits for each participating member.

_____
_____
_____

Is the accounting and reporting for this organization accomplished separately or as a component unit of the predominate member?

_____
_____
_____

Send report to: State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031

Example 2

LOCAL GOVERNMENT WHICH INDIVIDUALLY
ASSUMES PROPERTY OR LIABILITY RISKS

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Class of Risk Assumed (see instruction d):

Effective Date	Type of Risk	Amount

Send report to:

State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031

Example 3

LOCAL GOVERNMENT WHICH INDIVIDUALLY
SELF-INSURES PROPERTY OR LIABILITY RISKS

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Class of Risk Assumed (see instruction d):

Effective Date	Type of Risk	Amount

Program Investments (See Instruction e):

Type of Investment	Distribution of Assets	Depository/Agent	Amount

Claims Information (see instruction f):_____

_____

_____

Actuarial Information (see instruction g):_____

_____

_____

Certified Public Accountant (see instruction h):_____

_____

_____

Send report to: State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031

14. **REPORTING ENTITY**

NOT APPLICABLE.

15. **SUSPECTED LOSS OF PUBLIC FUNDS**

RCW 43.09.185 states in part:

"State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets or other illegal activity."

Any suspected or known loss of public funds should be immediately reported to the State Auditor's Office.

Correction of the loss without reporting to appropriate authorities or destruction of any pertinent records should not be attempted. All original records should be secured in a safe place, such as a safe or locked file cabinet until the State Auditor completes the investigation.

16. BOND COVERAGE FOR PUBLIC OFFICIALS AND EMPLOYEES

These recommendations are intended to make local governments aware of possible bond restrictions and limitations. Any modifications made in bond coverage should be thoroughly reviewed with your legal counsel.

a. Cover All Employees

Bond coverage should be provided for all employees. Since individual position bonds often are limited in coverage, the entity should consider an employee blanket bond.

b. Increase Amounts of Coverage

Dollar limits of current bond coverage may be established by statute, however, this minimum amount may not be enough. The bond coverage amounts should be reviewed to ensure that there is adequate coverage over loss. Costs associated with increased bond coverage are often minimal considering the protection that increased coverage provides.

A reasonable amount of bond coverage will vary with the size and financial activities of each local government. In determining the amount of coverage needed the insurance broker, legal counsel and other municipalities should be consulted when determining amount of coverage needed.

c. Improve Type of Coverage

Consideration should be given to the value of the less restrictive coverage of faithful performance bonds. Honesty bonds often require evidence of the employee's dishonesty before recovery can be made. Faithful performance bonds only require proof that a loss has been incurred.

d. Eliminate Restrictions on Coverage

Non-Cumulative Coverage – A common restriction in bond coverage is limiting any recovery to the face amount of the bond, regardless of the number of years the loss covered.

For example: Assume losses of $10,000, $20,000 and $20,000 were incurred in three consecutive years, respectively, and a $20,000 bond was in force for all three years. Non-cumulative coverage would limit the total bond recovery to $20,000, thereby resulting in an uninsured loss of $30,000.

The effect of the non-cumulative limitation should be considered when determining amounts of coverage.

Audit Costs – Sometimes an extensive audit is required in order to prove and document a loss. Audit costs are often not recoverable due to limitations in bond coverage. Specifically including audit costs in the bond coverage should be considered when establishing coverage.

Filing on Bond – Restrictions as to who can file for recovery on behalf of the bondholder should be reviewed. Such restrictions could prevent filing by the Attorney Generals Office or other regulatory agency, resulting in additional legal costs to the local government.

d. Bond Coverage Does Not Replace Errors and Omission Coverage

A bond is not insurance. Although the bonding company may pay on a loss, it can seek to recover the amount it paid from the bonded official. To protect officials from such liability, local governments should consider carrying errors and omission insurance.

17. MEMBERSHIPS IN CIVIC AND SERVICE ORGANIZATIONS

There has been a dramatic shift in business, social, and governmental cultures which has impacted the way the legal community views implied powers of municipal corporations. Included in this contemporary analysis is a recognition that membership in a local civic or service organization may, indeed, benefit a municipal corporation.

The AG's office and SAO has concluded that the intent of membership payments by a municipal corporation should be considered. However, payments of memberships to fraternal organizations, or community/social organizations such as golf and country clubs, should continue to be questioned. While municipal corporations have no obligation to pay for employee and officer memberships, should they choose to do so, a formal policy should be adopted to include:

- The legislative body's intent that officers and employees be active participants in service and civic organizations.
- Those services and civic organizations to whom membership fees will be paid on behalf of officers and employees.
- The limit on the number of individuals for whom membership payment will be made to any on organization, and a delineation of criteria for multiple memberships.
- The benefit, which the municipal corporation will derive from the membership in an organization and the authorized activity to which such benefit, is related.
- Those municipal corporation positions for which membership fees will be paid.
- Ancillary costs of membership which the municipal corporation will or will not pay, or provide reimbursement (i.e. meal costs incurred during meeting, costs incurred traveling to and from meetings, costs incurred as a result of the employees membership such as, time required to attend meetings or for committee participation and time required to perform duties of appointed/volunteer/elected positions) or time and expenses incurred as a result of attendance at related meetings such as regional, state, or national conventions.
- Approval authority for payment of expenses incurred as a result of membership in civic or service organizations, or for deviation from established policy.
- Limitations on the dollar amount that will be paid to a single organizations or on behalf of an individual.
- A prohibition of employee or officers, whose civic or service organization dues are paid in whole or in part by the municipal corporation:

1. Exerting influence on other employees or officers to provide financial contributions or other support to the civic or service organization.
2. Using the civic or service organizations as a forum for lobbying in support of or opposition to political or legislative actions, or the promotion of endeavors in which the officer or employee may have a direct or indirect financial interest or may acquire a personal benefit or gain.

18. CELLULAR PHONES AND PREPAID PHONE CARDS

Cellular Phones

- Local governments are responsible for controlling managing and the usage of their cellular telephones. It is the decision of entity management whether to allow employees personal use of their cellular telephones. If personal use is allowed, the entity needs to establish a system to ensure individuals are responsible for the payment of their non-business or personal calls. Such a system for example, may be a signed agreement that allows the entity to deduct the cost of unpaid calls from the employee's paycheck or an initial deposit to cover those costs.

- Additionally, when personal use of cellular telephones is allowed, a system also needs to be established that requires the employee to review the telephone bill statement and identify personal calls made. The employee should be required to submit payment for their portion of the bill at that time.

Pre-paid phone cards

- Before pre-paid phone cards are used, management should be able to track:

  ✓ Who made the phone calls.
  ✓ The cost of the calls.
  ✓ The purpose of the calls.

- If these items cannot be tracked, the use of these cards is not advisable.

19. REDEEMED WARRANTS/CANCELLED CHECKS

Due to many local governments no longer receiving redeemed warrants and canceled checks from their financial institutions the following is guidance which pertains to such effected entities.

The State Auditor's office recommends local governments receive and retain all redeemed warrants and canceled checks from public accounts as part of their public records. This may be either the original (actual) document or "read-only" (certified electronic format). Those entities using the county as their fiscal agent may continue allowing the county to maintain these documents.

The reasons for this recommendation are twofold:

1. Receiving and reviewing these documents is an integral part of the entities internal control system. Many disbursement frauds may be detected by having an independent party scan the front and back of all redeemed warrants and canceled checks.

2. Our office is responsible for auditing the receipt, safekeeping and disbursements of public funds. To fulfill this responsibility, we must have access to all original source documents, including redeemed warrants and canceled checks.

We recognize a small cost may be associated with receiving these documents from your financial institutions. However, this cost will be substantially less than costs associated with our office requesting these documents during an audit.

20. SALARY INCREASES FOR ELECTED OFFICIALS AND THE CONSUMER PRICE INDEX

Many questions have arisen over the years about whether salaries for city council members or county commissioners can be increased by tying them to an index, such as the Consumer Price Index (CPI). However, we have consistently concluded that this sort of salary increase is indeed a violation of the State Constitution. We have stated, and continue to advise, that unless the increase can be foreseen at the beginning of the term, salary increases connected to an index violate the constitutional restriction. This conclusion has been supported by a Superior Court decision, Telford v. Thurston County Commissioners and Thurston county and informal opinion by the Office of the Attorney General.

Applicable References:

1. Article 2, section 25 (amend. 35) of the Washington Constitution provides that the compensation of a public officer shall not be increased during his or her term of office.

2. Article 2, section 25 of the Washington Constitution prohibits a public officer or employee from receiving extra compensation after the services for which the compensation is given have been rendered.

3. The decision to increase the compensation of public utility district commissioners or the manager must be made at an open public meeting. The validity of a meeting under the Open Public Meetings Act is determined by whether notice of the meeting and the opportunity to attend are provided in accordance with RCW 42.30.030 and .070.

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CHAPTER 1 - REPORTING PRINCIPLES

PHILOSOPHY OF REPORTING

The BARS has been designed to provide the essential financial information for management of local governments and for legislative officials at the state level.

The overall goal focuses on decision-making needs of users. Based on the research study of potential users and the information necessary to support their decisions, five basic categories of relevant information have been identified. These are as follows:

1. Information concerning short-term financial resources.

2. Information concerning financial condition of the governmental unit.

3. Information concerning compliance with legal, contractual and fiduciary requirements.

4. Information useful for planning and budgeting.

5. Information concerning managerial and organizational performance.

It is important to note that the statements and schedules required for Category 2 reporting do not meet the criteria of generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. GAAP reporting requirements are discussed and prescribed in the BARS manual for Category 1 local governments. The State Auditor's Office (SAO) has determined that these requirements are too extensive to prescribe for Category 2 local governments, considering their size and the resources available to perform accounting tasks. However, any government that wishes to provide the disclosure contained in GAAP statements is encouraged to prepare those statements. That government should contact the State Auditor's Office to obtain copies of the Category 1 BARS manual and an assistance in interpreting and implementing GAAP requirements.

REGULATORY CHARTS OF ACCOUNTS FOR UTILITIES

Until this edition of the BARS manual, the State Auditor's Office prescribed the use of national regulatory charts of accounts for several types of enterprise funds. The BARS now makes provision for all the accounts needed by regulated enterprises, so the use of the regulatory accounts is no longer mandatory; however, a local government may adopt or continue to use any of the following charts of accounts.

Electric Utilities	Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act published by the Federal Energy Regulatory Commission (CFR 18.101 and 18.104)
Gas Utilities	Uniform System of Accounts for Natural Gas Utilities published by the Federal Energy Regulatory Commission (CFR 18.151)
Water Utilities	Uniform System of Accounts for Water Utilities published by the National Association of Regulatory Utility Commissioners
Sewer Utilities*	Uniform System of Accounts for Sewer Utilities published by the National Association of Regulatory Utility Commissioners
Railroads	Uniform System of Accounts for Railroad Companies published by the Interstate Commerce Commission (CFR 49.1201)

* In the past, the State Auditor's Office published separate charts of accounts for sewer and solid waste utilities. These separate accounting systems are no longer supported. Sewer utilities should convert their accounts either to the NARUC or BARS. Solid waste utilities should convert their accounts to BARS.

The next two charts of accounts are somewhat different in status than the preceding ones; Cunningham's Airport Accounts is not regulatory, and the hospital manual is not nationally standardized. However, both of these charts of accounts are acceptable alternatives to the BARS for relevant enterprise funds.

Airports	Airport Accounts by Joseph M. Cunningham, published by the Government Finance Officers Association
Hospitals	Accounting and Reporting Manual for Hospitals published and prescribed by the Washington State Hospital Commission

REPORTING REQUIREMENTS

Pursuant to RCW 43.09.230, Annual Reports are to be certified and filed with the State Auditor's Office within 150 days after the close of each fiscal year.

Mail your completed annual report package to:

Annual Report
State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031

The listing which follows indicates the statements and schedules required for each fund of your government. The remaining chapters of this part give detailed instructions for preparing each required statement and schedule.

Statement No. and Name:

Governmental and Proprietary[1] (unclassified only) Funds:

C-4 Fund Resources and Uses Arising from Cash Transactions - (Detailed)
C-5 Fund Resources and Uses Arising From Cash Transactions - (Summarized)
F-3 Notes to Financial Statements

Schedule No. and Name

04 Detail of Revenues and Other Sources
05 Detail of Expenditures and Other Uses
07 Warrant Activity
08 Real and Personal Property Taxes
09 Long-Term Debt
10 Limitation of Indebtedness
11 Cash Activity
12 Investment Activity
13 Cash and Investment Assets
14 Short-Term Interest-Bearing Debt
16 Expenditures of Federal Awards and State/Local Financial Assistance
17 Annual Report on Public Works Projects
19 Labor Relations Consultant(s)

Note: If your government assumes risk or self-insures, or provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 for additional reporting requirements.

[1] Classified proprietary funds (i.e., all enterprise and internal service funds with combined gross operating revenues of $2,000,000 or more) should refer to the Category 1 BARS manual for reporting requirements.

In most cases, the State Auditor's Office has designed forms to use in preparing the required statements and schedules. A blank copy of each form is included at the appropriate place in each chapter. The use of these particular forms is not required; however, information requested by the form is generally prescribed. Specific instructions accompanying each statement and schedule identify what, if any, detail is optional.

Electronic Filing Instructions

Electronic reporting is encouraged when filing annual reports. Statements and schedules may be submitted on diskette or via e-mail.

File Layout: Schedules 04 and 05 should be formatted to include on each line MCAG number (4 digits as Text), Fund number (3 digits as Text), BARS account number (7 digits as Text), Description - optional (30 characters) and actual amounts (use a minus sign for Revenue debits and Expenditures credits). The remainder of the schedules should be formatted as described in the following chapters.

Acceptable Formats: Text file (ASCII Fixed Field or Delimited - Comma or Tab)
Excel 2.1 or higher
Other software should 'save as' or 'export' to a preferred format.

Acceptable Media: 3½ diskette, Zip disk (no cartridges or tapes)

E-mail files and/or questions can be sent to walzd@sao.wa.gov or call Duane Walz at (360) 664-0906.

MCAG Numbers

The following pages contain all entity MCAG identification numbers. Record your number in the upper left hand corner of the various report forms.

Checklist

When you have finished preparing the statements and schedules described in Chapters 2 through 4, use the checklist at the end of this chapter to insure that your report is complete. Please arrange the report contents in the order shown on the checklist. (You may use the checklist as your table of contents.)

Certification/Cover Sheet

Finally, prepare the cover sheet and sign and date the certification before submitting your report.

CATEGORY 2 - LOCAL GOVERNMENTS
MATRIX OF REPORTING REQUIREMENTS

(A) Governmental Fund Types (001, 100, 200, 300 and 700) and Unclassified Proprietary Funds (400 and 500)
(B) Fiduciary Funds (600-699); (including Clearing Funds)

Statement/ Schedule No.	Statements/Schedules Title	(A) Governmental And Unclassified Proprietary Funds	(B) Fiduciary Funds (Clearing Funds)
C-4	Fund Resources And Uses Arising From Cash Transactions - Detailed	Prepare for general, road, street, and arterial funds. Also for other funds with $250,000 or more in revenues.	Prepare only for trust funds with $250,000 or more in revenues.
C-5	Fund Resources And Uses Arising From Cash Transactions - Summarized	Prepare by fund type (exclude funds reported on a C-4).	Prepare only for trust funds (exclude funds reported on a C-4).
F-3	Notes To Financial Statements	Prepare one set for entity as a whole.	
04	Detail Of Revenues And Other Sources	Prepare for each fund.	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund.	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
08	Real And Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts for which tax was levied.	
09	Long-Term Debt	Prepare one schedule for each type of debt. Where applicable, include special purpose districts.	
10	Limitation Of Indebtedness	Prepare one schedule for entity as a whole.	
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.	
13	Cash And Investment At Year End	Prepare one schedule for entity as a whole. Exclude pension (and other employee benefit) trust and agency funds.	
14	Short-Term Interest-Bearing Debt	See Schedule 13.	
16	Expenditures Of Federal Awards And State/Local Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.	
17	Annual Report On Public Works Projects	Prepare one schedule for entity as a whole.	
19	Labor Relations Consultant(s)	Prepare one schedule for each consultant.	

Classified proprietary funds (i.e., all enterprise and internal service funds with combined gross operating revenues of $2,000,000 or more) should refer to the Category 1 BARS manual for reporting requirements.

If your government assumes risk or self-insures, or provides claims servicing or insurance coverage to others, see Part 3, Chapter 12 for additional reporting requirements.

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Chelan	.....	0218	Granger	.....	0834
Cheney	.....	0704	Granite Falls	.....	0673
Chewelah	.....	0732	Hamilton	.....	0638
Clarkston	.....	0197	Harrah	.....	0836
Cle Elum	.....	0463	Harrington	.....	0510
Clyde Hill	.....	0386	Hartline	.....	0312
Colfax	.....	0799	Hatton	.....	0184
College Place	.....	0766	Hoquiam	.....	0340
Colton	.....	0802	Hunts Point	.....	0397
Colville	.....	0735	Ilwaco	.....	0547
Conconully	.....	0525	Index	.....	0675
Concrete	.....	0636	Ione	.....	0558
Connell	.....	0286	Issaquah	.....	0399
Cosmopolis	.....	0336	Kahlotus	.....	0288
Coulee City	.....	0297	Kalama	.....	0262
Coulee Dam	.....	0299	Kelso	.....	0264
Coupeville	.....	0357	Kennewick	.....	0201
Covington	.....	1178	Kent	.....	0401
Creston	.....	0506	Kettle Falls	.....	0738
Cusick	.....	0556	Kirkland	.....	0406

Kittitas	.....	0471
Krupp	.....	0314
La Center	.....	0243
La Conner	.....	0640
LaCrosse	.....	0810
Lacey	.....	0748
Lake Forest Park	.....	0409
Lake Stevens	.....	0677
Lakewood	.....	1110
Lamont	.....	0812
Langley	.....	0359
Latah	.....	0714
Leavenworth	.....	0222
Liberty Lake	.....	2757
Lind	.....	0186
Long Beach	.....	0549
Longview	.....	0267
Lyman	.....	0642
Lynden	.....	0789
Lynnwood	.....	0679
Mabton	.....	0839
Malden	.....	0814
Mansfield	.....	0278
Maple Valley	.....	1177
Marcus	.....	0740
Marysville	.....	0682
Mattawa	.....	0316
McCleary	.....	0344
Medical Lake	.....	0716
Medina	.....	0411
Mercer Island	.....	0413
Mesa	.....	0290
Metaline	.....	0560
Metaline Falls	.....	0562
Mill Creek	.....	0497
Millwood	.....	0718
Milton	.....	0590
Monroe	.....	0685
Montesano	.....	0347
Morton	.....	0490
Moses Lake	.....	0318
Mossyrock	.....	0492
Mount Vernon	.....	0644
Mountlake Terrace	.....	0687
Moxee	.....	0840
Mukilteo	.....	0690
Naches	.....	0842
Napavine	.....	0494
Nespelem	.....	0529
Newcastle	.....	0488
Newport	.....	0564
Nooksack	.....	0791
Normandy Park	.....	0418
North Bend	.....	0421
North Bonneville	.....	0650
Northport	.....	0742
Oak Harbor	.....	0361
Oakesdale	.....	0816
Oakville	.....	0350
Ocean Shores	.....	0352
Odessa	.....	0512
Okanogan	.....	0531
Olympia	.....	0751
Omak	.....	0533
Oroville	.....	0535
Orting	.....	0594
Othello	.....	0188
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Pasco	.....	0292
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Riverside	.....	0539
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Rosalia	.....	0823
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Roy	.....	0600
Royal City	.....	0323
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South Bend	.....	0554
South Cle Elum	.....	0475

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Spokane 0724
Sprague 0516
Springdale 0744
St. John 0825
Stanwood 0695
Starbuck 0258
Steilacoom 0604
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Sultan 0698
Sumas 0793
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Washougal 0251
Washtucna 0193
Waterville 0282
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Wenatchee 0224
West Richland 0212
Westport 0355
White Salmon 0481
Wilbur 0518
Wilkeson 0622
Wilson Creek 0329
Winlock 0502
Winthrop 0545
Woodinville 0822
Woodland 0271
Woodway 0700
Yacolt 0254
Yakima 0857
Yarrow Point 0450
Yelm 0762
Zillah 0861

CHECKLIST OF REPORTING REQUIREMENTS

NOTE: This list is NOT the order in which to prepare these statements and schedules, but it is the order for presenting them in your annual report. Chapters 2-4 of this part give instructions for preparing the statements and schedules in an efficient sequence.

Page Number(s)	Statement Or Schedule		Yes	No	SEE Chapter
	Statement C-4	Statement of Fund Resources and Uses Arising from Cash Transactions - Detailed			2
	Statements C-5	Statement of Fund Resources and Uses Arising from Cash Transactions - Summarized			2
	Statement F-3	Notes To Financial Statements			5
	Schedule 04	Detail of Revenues and Other Sources: for General (Current Expense) Fund for each Special Revenue Fund for each Debt Service Fund for each Capital Projects Fund for each Permanent Fund for each Enterprise Fund (Utility) for each Internal Service Fund			3
	Schedule 05	Detail of Expenditures and Other Uses: for General (Current Expense) Fund for each Special Revenue Fund for each Debt Service Fund for each Capital Projects Fund for each Permanent Fund for each Enterprise Fund (Utility) for each Internal Service Fund			3
	Schedule 07	Warrant Activity			4
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	Schedule 10	Limitation of Indebtedness			4
	Schedule 11	Cash Activity			4
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	Schedule 14	Short-Term Interest-Bearing Debt			4

Page Number(s)	Statement Or Schedule		Yes	No	SEE Chapter
	Schedule 16	Expenditures of Federal Awards and State/Local Financial Assistance Federal Grants State Grants Interlocal Grants			4
	Schedule 17	Annual Report On Public Works Projects			4
	Schedule 19	Labor Relations Consultant(s)			4

ANNUAL REPORT

_____
(Name)

_____
MCAG No.

Submitted pursuant to RCW 43.09.230

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED _____ _____

Certified correct this _____ day of _____, _____

to the best of my knowledge and belief:

NAME_____

TITLE_____

PREPARED BY_____

TELEPHONE NUMBER_____

FAX NUMBER_____

E-MAIL ADDRESS_____

HOME PAGE ADDRESS_____

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CATEGORY 2 - LOCAL GOVERNMENTS
MATRIX OF REPORTING REQUIREMENTS

(A) Governmental Fund Types (001, 100, 200, 300 and 700) and Unclassified Proprietary Funds (400 and 500)
(B) Fiduciary Funds (600-699); (including Clearing Funds)

Statement/ Schedule No.	Statements/Schedules Title	(A) Governmental And Unclassified Proprietary Funds	(B) Fiduciary Funds (Clearing Funds)
C-4	Fund Resources And Uses Arising From Cash Transactions - Detailed	Prepare for general, road, street, and arterial funds. Also for other funds with $250,000 or more in revenues.	Prepare only for trust funds with $250,000 or more in revenues.
C-5	Fund Resources And Uses Arising From Cash Transactions - Summarized	Prepare by fund type (exclude funds reported on a C-4).	Prepare only for trust funds (exclude funds reported on a C-4).
F-3	Notes To Financial Statements	Prepare one set for entity as a whole.	
04	Detail Of Revenues And Other Sources	Prepare for each fund.	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund.	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
08	Real And Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts for which tax was levied.	
09	Long-Term Debt	Prepare one schedule for each type of debt. Where applicable, include special purpose districts.	
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole.	
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.	
13	Cash And Investment At Year End	Prepare one schedule for entity as a whole. Exclude pension (and other employee benefit) trust and agency funds.	
14	Short-Term Interest-Bearing Debt	See Schedule 13.	
16	Expenditures Of Federal Awards And State/Local Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.	
17	Annual Report On Public Works Projects	Prepare one schedule for entity as a whole.	
19	Labor Relations Consultant(s)	Prepare one schedule for each consultant.	

Classified proprietary funds (i.e., all enterprise and internal service funds with combined gross operating revenues of $2,000,000 or more) should refer to the Category 1 BARS manual for reporting requirements.

If your government assumes risk or self-insures, or provides claims servicing or insurance coverage to others, see Part 3, Chapter 12 for additional reporting requirements.

STATEMENT C-4 - Fund Resources and Uses Arising from Cash Transactions - Detailed

Statement C-4 should be prepared for the general (current expense) fund, road, street and arterial funds, and any other funds with $250,000 or more in revenue (except agency funds).

a. To prepare, enter the beginning amount of net cash and investments. Then summarize both Schedules 04 and 05 by BASIC revenue account (310, 320, etc.), other financing sources (390), BASIC current expenditures accounts (510, 520, etc.), debt service (591-593), capital outlays (594-595) and other financing uses (597-599) and put these amounts on and nonexpenditures from Schedules 04 and 05 (excluding investment activity - accounts 384 and 584) and put them on the appropriate lines of Statement C-4. Foot the statement to calculate ending net cash and investments.

b. Beginning and ending net cash and investments on Statement C-4 should equal the beginning net cash and investments on Schedule 04 and ending net cash and investments on Schedule 05. These amounts should also agree to the beginning and ending cash and investments on Schedules 11 and 12, except for the open period for warrants (column 5 or 6 on Schedule 07).

c. To complete Statement C-4, summarize budgeted revenues, expenditure, etc., at the same level that you reported the actuals and put the amounts on the appropriate lines of the statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2002

BARS CODE		Fund Number And Name 001 Current Expense		Fund Number And Name 101 City Street	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		$35,000	$28,999	$10,000	$15,427
Revenues and Other Sources					
310	Taxes	120,000	124,377	-	-
320	Licenses and Permits	10,000	9,855	-	-
330	Intergovernmental	115,400	112,691	33,335	36,292
340	Charges for Goods and Services	7,900	10,493	-	-
350	Fines and Forfeits	10,000	11,545	700	943
360	Miscellaneous	2,300	5,439	-	-
370	Capital Contributions				
390	Other Financing Sources	-	-	10,000	10,000
	Total Revenues and Other Sources	265,600	274,400	44,035	47,235
	Total Resources	300,600	303,399	54,035	62,662
Operating Expenditures:					
510	General Government	65,000	76,485	-	-
520	Security of Persons and Property	85,500	78,545	-	-
530	Physical Environment	22,000	21,476	-	-
540	Transportation	5,000	5,122	41,000	29,876
550	Economic Environment	2,900	1,311	-	-
560	Mental and Physical Health	3,500	3,477	-	-
570	Culture and Recreational	7,570	5,943	-	-
	Total Operating Expenditures	191,470	192,359	-	-
591-93	Debt Service	5,000	4,988	-	-
594-595	Capital Outlay	15,000	13,950	-	-
	Total Expenditures	211,470	211,297	-	-
597-599	Other Financing Uses	50,000	55,000	-	-
	Total Expenditures and Other Uses	261,470	266,297	41,000	29,876
Excess (Deficit) of Resources Over Uses		39,130	37,102	13,035	32,786
380	Nonrevenues (Except 384)	-	15,476	-	26,793
580	Nonexpenditures (Except 584)	-	6,929	5,000	4,111
Ending Net Cash and Investments		$ 39,130	$ 45,649	$ 8,035	$55,468

The Accompanying Notes Are An Integral Part Of This Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, _____

BARS CODE		Fund Number And Name		Fund Number And Name	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments					
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous				
370	Capital Contributions				
390	Other Financing Sources				
	Total Revenues and Other Sources				
	Total Resources				
Operating Expenditures:					
510	General Government				
520	Security of Persons and Property				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debt Service				
594-595	Capital Outlay				
	Total Expenditures				
597-599	Other Financing Uses				
	Total Expenditures and Other Uses				
Excess (Deficit) of Resources Over Uses					
380	Nonrevenues (Except 384)				
580	Nonexpenditures (Except 584)				
Ending Net Cash and Investments					

The Accompanying Notes Are An Integral Part Of This Statement.

STATEMENT C-5: Fund Resources and Uses Arising From Cash Transactions - Summarized:

Statement C-5 should be prepared for all funds excluding agency funds and funds reported on a Statement C-4. Prepare by the fund type (e.g., special revenue, debt service, etc.).

a. To prepare, enter beginning net cash and investment. Then enter total revenues and other financing sources (310-370 and 390) per Schedule 04 and total expenditures and other uses (510-570 and 591-599) per Schedule 05 on the proper lines of Statement C-5. In addition, nonrevenues and nonexpenditures (380s and 580s) (excluding investment activity - accounts 384 and 584) should be included on the appropriate lines of Statement C-5. Then foot the statement to calculate ending net cash and investments.

b. Beginning and ending net cash and investments on Statement C-5 should equal the beginning net cash and investments on Schedule 04 and ending net cash and investment on Schedule 05. These amounts should also agree to the beginning and ending cash and investments on Schedules 11 and 12, except for the open period for warrants (column 5 or 6 on Schedule 07).

c. To complete Statement C-5, summarize budgeted revenues, expenditures, etc., and put the amounts on the appropriate lines of the statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For The Year Ended December 31, 2002

Fund Type: Special Revenue Funds	Fund Number And Name 106 Park Fund		Fund Number And Name 108 Convention Fund	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	$ 5,000	$ 6,414	$50,000	$47,333
Revenues and Other Financing Sources	12,500	13,292	25,000	32,611
Total Resources	17,500	19,706	75,000	79,994
Expenditures And Other Financing Uses	17,500	16,473	-	-
Excess (Deficit) of Resources Over Uses	-	3,233	75,000	79,994
Nonrevenues (Except 384)	-	-	-	-
Nonexpenditures (Except 584)	-	-	-	-
Ending Net Cash and Investments	-	$ 3,233	$75,000	$79,994

Fund Type: Debt Service Funds	Fund Number And Name 201 1985 G.O. Bond		Fund Number And Name 203 1988 G.O. Bond	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	$5,000	$6,399	$ -	$ -
Revenues and Other Financing Sources	1,640	282	3,000	3,060
Total Resources	6,640	6,681	3,000	3,060
Expenditures And Other Financing Uses	1,640	1,199	1,500	1,489
Excess (Deficit) of Resources Over Uses	5,000	5,482	1,500	1,571
Nonrevenues (Except 384)	-	-	-	-
Nonexpenditures (Except 584)	-	-	-	-
Ending Net Cash and Investments	$5,000	$5,482	$1,500	$1,571

Fund Type: Capital Projects Funds	Fund Number And Name 301 City Hall Fund		Fund Number And Name 302 Building Fund	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	$10,000	$ 9,743	$25,000	$26,492
Revenues and Other Financing Sources	40,000	40,000	200,000	200,000
Total Resources	50,000	49,743	225,000	226,492
Expenditures And Other Financing Uses	-	-	210,000	217,493
Excess (Deficit) of Resources Over Uses	50,000	49,743	-	-
Nonrevenues (Except 384)	-	100,000	-	-
Nonexpenditures (Except 584)	-	100,000	-	-
Ending Net Cash and Investments	$50,000	$49,743	$15,000	$ 8,999

The Accompanying Notes Are An Integral Part Of This Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, _____

Fund Type:	Fund Number And Name		Fund Number And Name	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenues and Other Financing Sources				
Total Resources				
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses				
Nonrevenues (Except 384)				
Nonexpenditures (Except 584)				
Ending Net Cash and Investments				

Fund Type:	Fund Number And Name		Fund Number And Name	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenues and Other Financing Sources				
Total Resources				
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses				
Nonrevenues (Except 384)				
Nonexpenditures (Except 584)				
Ending Net Cash and Investments				

Fund Type:	Fund Number And Name		Fund Number And Name	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenues and Other Financing Sources				
Total Resources				
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses				
Nonrevenues (Except 384)				
Nonexpenditures (Except 584)				
Ending Net Cash and Investments				

The Accompanying Notes Are An Integral Part Of This Statement.

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CATEGORY 2 - LOCAL GOVERNMENTS
MATRIX OF REPORTING REQUIREMENTS

(A) Governmental Fund Types (001, 100, 200, 300 and 700) and Unclassified Proprietary Funds (400 and 500)
(B) Fiduciary Funds (600-699); (including Clearing Funds)

Statement/ Schedule No.	Statements/Schedules Title	(A) Governmental And Unclassified Proprietary Funds	(B) Fiduciary Funds (Clearing Funds)
C-4	Fund Resources And Uses Arising From Cash Transactions - Detailed	Prepare for general, road, street, and arterial funds. Also for other funds with $250,000 or more in revenues.	Prepare only for trust funds with $250,000 or more in revenues.
C-5	Fund Resources And Uses Arising From Cash Transactions - Summarized	Prepare by fund type (exclude funds reported on a C-4).	Prepare only for trust funds (exclude funds reported on a C-4).
F-3	Notes To Financial Statements	Prepare one set for entity as a whole.	
04	Detail Of Revenues And Other Sources	Prepare for each fund.	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund.	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
08	Real And Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts for which tax was levied.	
09	Long-Term Debt	Prepare one schedule for each type of debt. Where applicable, include special purpose districts.	
10	Limitation of Indebtedness	Prepare one schedule for each consultant.	
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.	
13	Cash And Investment At Year End	Prepare one schedule for entity as a whole. Exclude pension (and other employee benefit) trust and agency funds.	
14	Short-Term Interest-Bearing Debt	See Schedule 13.	
16	Expenditures Of Federal Awards And State/Local Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.	
17	Annual Report On Public Works Projects	Prepare one schedule for entity as a whole.	
19	Labor Relations Consultant(s)	Prepare one schedule for each consultant.	

Classified proprietary funds (i.e., all enterprise and internal service funds with combined gross operating revenues of $2,000,000 or more) should refer to the Category 1 BARS manual for reporting requirements.

If your government assumes risk or self-insures, or provides claims servicing or insurance coverage to others, see Part 3, Chapter 12 for additional reporting requirements.

SCHEDULE 04 - DETAIL OF REVENUES AND OTHER SOURCES

All accounts must be reported at the subelement level and the 330 series (Intergovernmental Revenue) must be further detailed to the subobject level.

① *Beginning Net Cash and Investments* (account 308) should equal prior year *Ending Net Cash and Investments* (508). It also should reconcile with beginning balances shown on Schedules 11 and 12 (including prior year adjustments; e.g., open period warrants and checks).

② The amount in account 311.10 (Real and Personal Property Taxes) should equal to the amount on Schedule 08 (Column 6).

③ Totals should be calculated and clearly identified for each Basic revenue account (i.e., 310, 320, 330, etc.).

③A If there is only one line within the Basic number, use this as your total line. You do not have to include a separate total line. Just make sure that this amount will be included in the total.

④ Appropriate intergovernmental revenues (e.g., 331, 332, etc.) should be traceable to Schedule 16.

⑤ This line is optional.

⑥ List all interfund loan receipts (account 381). Include in the description column the name of the fund loaning the money. The amount in this line should equal to the corresponding 581, *Interfund Loan Payment* in the loan fund. Provide a summary of interfund loan activity in the notes to financial statements.

⑦ List all nonrevenues except 384, *Proceeds from Sales of Investments*. This account is a reclassification between cash and investments, and both categories are already included in account 308, *Beginning Net Cash and Investments*. Listing the account 384 here would cause double-counting. The amount may be listed as a separate line at the end of schedule after grand total. It should be traceable to Schedule 11 and 12.

⑧ List all bond proceeds. These amounts should equal to column (b) *Amount Issued - Current Period* on Schedule 09. The following accounts should have required information:

- 382 Proceeds of Long-Term Debt - Proprietary Funds Only
- 391 Proceeds of Long-Term Debt - Governmental Funds Only
- 393 Proceeds of Refunding Long-Term Debt

⑨ List all interfund transfers (397, *Transfers-In*). Include in the description column the name of the fund the transfer came from. The amount should equal corresponding 597, *Transfers-Out*. You may provide a summary of interfund transfers in the notes to financial statements.

⑩ *Total Resources* should include:

- 308 Beginning Net Cash and Investments
- 310-370 Revenues
- 380 Nonrevenues (except 384), and
- 390 Other Financing Sources.

To verify correctness of this schedule, compare this amount with the amount of all 500 accounts on Schedule 05. Both amounts must be equal.

For filing instructions, see Part 4, Chapter 1. In any format the schedule should include MCAG number (four digits), fund number, BARS account number, and actual amounts received.

CURRENT EXPENSE - 001
(Fund Name and Number)

DETAIL OF REVENUES AND OTHER SOURCES
For The Year Ended December 31, 2002

BARS Account No.	Description	Actual Amount	
308.00	Beginning Net Cash and Investments	$10,000	①
311.10	Real and Personal Property Taxes	30,000	②
313.10	Local Retail Sales and Use Tax	5,000	
316.41	Business Taxes - Electric	2,000	
310.00	Total Taxes	$37,000	③
322.30	Animal Licenses	1,000	③A
331.14.23	Rental Rehabilitation Grant	45,000	④
336.06.94	Liquor Excise Tax	15,000	
330.00.00	Total Intergovernmental Revenues	$60,000	
310 - 360	Total Revenues	98,000	⑤
381.11	Interfund Loan - Water/Sewer Fund	2,000	⑥
389.00	Advance from Customers	1,000	
380.00	Total Nonrevenues	$3,000	⑦
391.10	GO Bonds Proceeds	159,800	⑧
397.00	Transfers-In - Arterial Fund	5,000	⑨
390.00	Total Other Sources	$164,800	
	TOTAL RESOURCES	$275,800	⑩
384.00	Proceeds from Sale of Investment	2,000	⑦

WATER FUND - 402
(Fund Name and Number)

DETAIL OF REVENUES AND OTHER SOURCES
For The Year Ended December 31, 2002

BARS Account No.	Description	Actual Amount	
308.00	Beginning Net Cash and Investments	$10,000	①
311.10	Real and Personal Property Taxes	10,000	②
313.10	Local Retail Sales and Use Tax	5,000	
310.00	Total Taxes	$15,000	③
331.66.01	Environmental Protection Agency	45,000	④
333.81.02	Department of Energy	15,000	
330.00.00	Total Intergovernmental Revenues	$60,000	
343.40	Water Sales	21,000	③A
310 - 370	Total Revenues	$96,000	⑤
381.11	Interfund Loan - Sewer Fund	2,000	⑥
382.00	Fund Debt Proceeds	159,800	⑧
389.00	Advance from Customers	1,000	
380.00	Total Nonrevenues	$162,800	⑦
397.00	Transfers-In - Arterial Fund	5,000	⑨
390.00	Total Other Financial Sources	$5,000	
	TOTAL RESOURCES	$270,800	⑩
384.00	Proceeds from Sale of Investment	2,000	⑦

MCAG NO. _____ **Schedule 04**

_____
(CITY/COUNTY/DISTRICT)

_____
(Fund Name and Number)

DETAIL OF REVENUES AND OTHER SOURCES
For The Year Ended December 31, _____

BARS Account No.	Description	Actual Amount

SCHEDULE 05 - DETAIL OF EXPENDITURES AND OTHER USES

All accounts must be reported by Basub, element, subelement (if applicable), and object level, not subobject. List expenditures in numerical order according to BARS codes.

① A subtotal should be calculated and clearly identified for each Basic expenditure account (i.e., 510, 520, etc.). If there is only one line within the Basic number, use this as your total line.

② List all nonexpenditures, except account 584, *Purchase of Investment*. This account is a reclassification between cash and investments, and both categories are already included in the account 508, *Ending Net Cash and Investments*. Listing the account 584 here would cause double-counting. The amount may be listed as a separate line at the end of schedule after grand total. It should be traceable to Schedule 11 and 12.

List all interfund loan disbursements (account 581). Include in the description column the name of the fund with the corresponding 381, *Interfund Loan Receipt* and/or provide a summary of interfund loan activity in the notes to financial statements.

③ List all principal payments of long-term debt, 582, *Redemption of Long-Term Debt* and 591, *Redemption of Long-Term Debt*. These payments should equal the amounts listed in column (c) *Amount Redeemed This Period* on Schedule 09. Also include capitalizable lease and short-term debt payments.

④ List all interfund transfers (597, *Transfers-Out*). Include in the description column the name of the fund with the corresponding 397, *Transfers-In*, and provide a summary of interfund transfers in the notes to financial statements.

⑤ *Total Expenditures and Other Financing Uses* should include:

- 510-560 Expenditures
- 580 Nonependitures (except 584), and
- 590 Other Financing Uses.

⑥ Account 508, *Ending Net Cash and Investments* should be traceable to ending balances shown on Schedules 11 and 12. This balance will be the *Beginning Net Cash and Investments* on the next year Schedule 04.

⑦ This line is necessary to verify correctness of this schedule. Compare the amount in this line with the amount of all 300 accounts on Schedule 04. Both amounts must equal.

For filing instructions, see Part 4, Chapter 1. In any format the schedule should include MCAG number (four digits), fund number, BARS account number, and actual amounts expensed.

MCAG NO. 9999 | TOWN OF PERFECT **(CITY/COUNTY/DISTRICT)** | **Schedule 05**

CURRENT EXPENSE - 001
(Fund Name and Number)

DETAIL OF EXPENDITURES AND OTHER USES
For The Year Ended December 31, 2002

BARS Account No.	Description	Object Code	Object Description	Actual Amount	
511.10	Legislative - Administration	10	Salaries	$20,000	
		30	Supplies	5,000	
		40	Other Services	1,000	
511.60	Legislative Services - City Council	40	Other Services	5,000	
510.00	TOTAL GENERAL GOVERMENT			$31,200	①
521.22	Law Enforcement - Patrol	10	Salaries	10,000	
		20	Benefits	5,000	
		30	Supplies	1,000	
520.00	Total Security of Persons and Property			$16,000	①
581.10	Interfund Loan - City Street Fund	00		10,000	②
580.00	TOTAL NONREVENUES			$10,000	
591.14	Capital Lease - Copier	70	Principal	1,000	③
594.21	Capital Expenditures	60	Equipment	6,000	
597.00	Transfer-Out - Street Fund	00		10,000	④
	TOTAL EXPENDITURES AND OTHER FINANCING USES			$74,000	⑤
508.00	Ending Net Cash and Investments			20,000	⑥
	TOTAL			$94,000	⑦
584.00	Purchase of Investments	00		$15,000	②

MCAG NO. 9999 | CITY OF PERFECT **(CITY/COUNTY/DISTRICT)** | **Schedule 05**

WATER FUND - 402
(Fund Name and Number)

DETAIL OF EXPENDITURES AND OTHER USES
For The Year Ended December 31, 2002

BARS Account No.	Description	Object Code	Object Description	Actual Amount	
534.10	General Administration	10	Salaries	$1,000	
		20	Benefits	500	
		30	Supplies	700	
534.50	Maintenance	10	Salaries	22,000	
		20	Benefits	11,000	
		30	Supplies	3,000	
530.00	Total Operation Expenditures			$38,200	①
581.10	Interfund Loan - Sewer Fund	00		2,000	②
582.34	Redemption of Fund Debt	70	Principal	202,000	③
580.00	Total Nonexpenditures			$204,000	
597.00	Transfer Out - Solid Waste			11,500	④
590.00	Total Other Financing Uses			$11,500	
510-590	Total Expenditures and Other Financing Uses			$253,700	⑤
508.00	Ending Net Cash and Investments			17,100	⑥
	TOTAL			$270,800	⑦
584.00	Purchase of Investments	00		10,000	②

MCAG NO. _____ **_____** **Schedule 05**

(CITY/COUNTY/DISTRICT)

_____

(Fund Name and Number)

DETAIL OF EXPENDITURES AND OTHER USES
For The Year Ended December 31, _____

BARS Account No.	Description	Object Code	Object Description	Actual Amount

TABLE OF CONTENTS

		Counties	Cities	Page
Matrix of Reporting Requirements				2
Schedule 07	Warrant Activity	X	X	3
Schedule 08	Real and Personal Property Taxes	X	N/A	7
Schedule 09	Long-Term Debt	X	X	11
Schedule 10	Limitation of Indebtedness	X	X	23
Schedule 11	Cash Activity	X	X	29
Schedule 12	Investment Activity	X	X	35
Schedule 13,	Cash and Investments at Year End	X	X	39
14	Short-Term Interest-Bearing Debt	X	X	39
Schedule 16	Expenditures of Federal Awards and State/Local Financial Assistance	X	X	41
Schedule 17	Annual Report and Public Works Projects	X	X	55
Schedule 19	Labor Relations Consultant(s)	X	X	57

X = Schedule required to be prepared

CATEGORY 2 - LOCAL GOVERNMENTS MATRIX OF REPORTING REQUIREMENTS			
(A) Governmental Fund Types (001, 100, 200, 300 and 700) and Unclassified Proprietary Funds (400 and 500) (B) Fiduciary Funds (600-699); (including Clearing Funds)			
Statement/ Schedule No.	Statements/Schedules Title	(A) Governmental And Unclassified Proprietary Funds	(B) Fiduciary Funds (Clearing Funds)
C-4	Fund Resources And Uses Arising From Cash Transactions – Detailed	Prepare for general, road, street, and arterial funds. Also for other funds with $250,000 or more in revenues.	Prepare only for trust funds with $250,000 or more in revenues.
C-5	Fund Resources And Uses Arising From Cash Transactions - Summarized	Prepare by fund type (exclude funds reported on a C-4).	Prepare only for trust funds (exclude funds reported on a C-4).
F-3	Notes To Financial Statements	Prepare one set for entity as a whole.	
04	Detail Of Revenues And Other Sources	Prepare for each fund.	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund.	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
08	Real And Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts for which tax was levied.	
09	Long-Term Debt	Prepare one schedule for each type of debt. Where applicable, include special purpose districts.	
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole.	
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.	
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.	
13	Cash And Investment At Year End	Prepare one schedule for entity as a whole. Exclude pension (and other employee benefit) trust and agency funds.	
14	Short-Term Interest-Bearing Debt	See Schedule 13.	
16	Expenditures Of Federal Awards And State/Local Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.	
17	Annual Report On Public Works Projects	Prepare one schedule for entity as a whole.	
19	Labor Relations Consultant(s)	Prepare one schedule for each consultant.	
Classified proprietary funds (i.e., all enterprise and internal service funds with combined gross operating revenues of $2,000,000 or more) should refer to the Category 1 BARS manual for reporting requirements. If your government assumes risk or self-insures, or provides claims servicing or insurance coverage to others, see Part 3, Chapter 12 for additional reporting requirements.			

SCHEDULE 07 - WARRANT ACTIVITY

The purposes of this schedule are to identify debt incurred or redeemed through the issuance of registered warrants, to verify the accuracy of debt service reporting, and to facilitate reconciliation between cash disbursements and expenditures. The schedule is also used in the evaluation of controls over outstanding warrants. See the shaded portion of the matrix at the beginning of this chapter for funds which should be included on Schedule 07.

For those entities which have claims and/or payroll funds, there will be many individual funds with no warrant activity, and those funds do not need to be reported on Schedule 07. However, even those entities using a claims fund or payroll fund for warrant issues will still need to prepare the entries in columns 1 through 10 for those funds or districts that were on registered warrants at any time during the year, and for those districts for which the entity issues warrants that are not run through the claims and payroll funds. In addition, columns 1 through 10 need to be completed for each claims or payroll fund.

Counties may combine on one line all warrant activity for those school districts that issue their own warrants, but warrant activity should be reported separately by fund for any districts for which the county issues the warrants.

Column 1	Number of each fund on which regular operating warrants are issued.
Column 2	Name of each fund on which regular operating warrants are issued.
Column 3	Warrants outstanding for each fund on January 1 of report year.
Column 4	Warrants issued during report year: i.e., January 1 thru December 31.
Column 5	Warrants issued January 1 thru January 20 (cities) RCW 35.33.151; 35A.33.150 or through January 30 (counties) RCW 36.40.200 of report year for expenditures incurred and properly chargeable against the previous year's budget appropriations.
Column 6	Warrants issued January 1 thru January 20 (cities) or through January 30 (counties) of year following report year for expenditures incurred and properly chargeable against the report year's budget appropriations.
Column 7	This amount represents the net warrant issue properly chargeable against the report year's budget appropriations. See formula on the schedule.
Column 8	Warrants redeemed January 1 through December 31 of report year.
Column 9	Warrants canceled January 1 through December 31 of report year.
Column 10	Warrants outstanding for each fund on December 31 of report year. See formula on the schedule.

MCAG NO. ____

EFF DATE 1-1-02

TOWN OF SMALL
(CITY/COUNTY/DISTRICT)

SCHEDULE OF WARRANT ACTIVITY

For The Year Ended December 31, 2002

SUPERSEDES 1-1-96

1	2	3	4	5	6	7	8	9	10
FUND NO.	FUND NAME	PAYABLE JANUARY 1 2002	ISSUED REPORT YEAR	BEGINNING OPEN PERIOD	ENDING OPEN PERIOD	NET ISSUE 4-5+6	REDEEMED REPORT YEAR	CANCELED REPORT YEAR	PAYABLE DECEMBER 31, 2002 3+4-8-9
104	Park Fund*	$23,872	$ 75,493	477	392	$ 75,408	$ 83,224	-	$ 16,141
800	Payroll Fund	43,988	1,592,722			1,592,722	1,511,411	1,312	123,987
850	Claims Fund	21,743	595,411			595,411	597,113	281	19,760
	TOTAL - ALL FUNDS	$89,603	$2,263,626	477	392	$2,263,541	$2,191,748	$1,593	$159,888
	* Registered Warrants								

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 4

MCAG NO. ____

EFF DATE 1-1-02

SUPERSEDES 1-1-01

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 5

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF WARRANT ACTIVITY

For Year Ended December 31, _____

1	2	3	4	5	6	7	8	9	10
FUND NO.	FUND NAME	PAYABLE JANUARY 1,	ISSUED REPORT YEAR	BEGINNING OPEN PERIOD	ENDING OPEN PERIOD	NET ISSUE 4-5+6	REDEEMED REPORT YEAR	CANCELED REPORT YEAR	PAYABLE DECEMBER 31, 3+4-8-9

SCHEDULE 08 - REAL AND PERSONAL PROPERTY TAXES

THIS SCHEDULES DOES NOT APPLY TO CITIES AND TOWNS.

This schedule is used to collect information about tax levies in all taxing districts in Washington State. It is also used to verify the amount of tax revenues reported on Schedule 04 (Detail of Revenues and Other Sources).

Counties should prepare this schedule directly from their property tax segregation records. Districts should prepare this schedule from the monthly reports of county remittances. It is important to analyze the county reports for any netting, such as election costs. If the county has deducted any charges from its remittances, the district must show the expenditure separately and record the tax revenue at its full amount.

In counties all school districts may be combined and shown on one line. Each tax-levying fund of the state, of each city, and of every other taxing district should be shown separately.

This schedule may be submitted in any format, so long as the required information is provided.

Column 1	Number of each fund for which taxes are levied.
Column 2	Name of each fund for which taxes are levied.
Column 3	Prior years' taxes outstanding as of January 1 of report year.
Column 4	Indicate whether regular (R) or special (S) levy. Also indicate tax rate expressed in dollars per thousand dollars of assessed valuation ($/1000) at 100 percent of fair market value.
Column 5	Taxes levied for report year collection.
Column 6	Report year collections of current and prior year levies.
Column 7	Tax adjustments (supplementals) which increase outstanding taxes.
Column 8	Tax adjustments (cancellations) which decrease outstanding taxes.
Column 9	Total outstanding taxes as of December 31 of report year.

TYPICAL COUNTY
(CITY/COUNTY/DISTRICT)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For The Year Ended December 31, 2002

1	2	3	4	5	6	7	8	9
FUND NO.	FUND NAME	TAXES OUTSTANDING 01/01/2002	TAX RATE $/1,000	TAXES LEVIED REPORT YEAR	TAXES COLLECTED	TAX ADJUSTMENT INCREASES	TAX ADJUSTMENT DECREASES	TAXES OUTSTANDING 12/31/2002 (3+5-6+7-8)
001	Current Expenses Fund	$65,939	$2.19	$ 787,943	$ 774,288	$ 73	$541	$ 79,126
105	Road Fund	14,428	2.23	521,822	519,321	3	42	16,890
650.01	Fire District No. 3	3,321	.98	15,422	14,988	10	2	3,763
650.02	Fire District No. 8	9,876	1.00	45,111	46,213	3	1	8,776
650.04	School District No. 401, G. O. Bond	10,422	2.18	51,144	52,988	75	22	8,631
650.05	Port District	23,333	1.43	80,319	82,414	53	75	21,216
	TOTAL - ALL FUNDS	$127,319		$1,501,761	$1,490,212	$217	$683	$138,402

MCAG NO. ____

EFF DATE 1-1-02

SUPERSEDES 1-1-01

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 9

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For The Year Ended December 31, _____

1	2	3	4	5	6	7	8	9
FUND NO.	FUND NAME	TAXES OUTSTANDING 01/01/____	TAX RATE $/1,000	TAXES LEVIED REPORT YEAR	TAXES COLLECTED	TAX ADJUSTMENT INCREASES	TAX ADJUSTMENT DECREASES	TAXES OUTSTANDING 12/31/____ (3+5-6+7-8)

SCHEDULE 09 - LONG-TERM DEBT

This schedule provides information about the **long-term debt** of the local government. It is also used to corroborate the amounts of long-term debt shown on any balance sheets and the amounts of debt service (principal only) shown on operating statements. Finally, this schedule is used to collect information about the financial position of special purpose districts that use a city or county treasury.

For Schedule 09, there are four categories of debt: general debt, revenue debt, assessment debt, and refunded debt. A separate debt schedule should be prepared for each category of your debt. The appropriate category should be indicated at the top of each page. Finally, there should be one more schedule listing of all special purpose district debt, regardless of whether it is general, revenue, refunded or assessment. (Identifying numbers must be provided for special purpose district debt, which will serve to distinguish these categories.)

Any debt category may contain numerous kinds of debt instruments. For example, general debt is not limited to general obligation bonds but can also contain bond anticipation notes, claims and judgments, installment sales contracts, lease-purchase agreements, etc.

As a practical matter, it is permissible to classify capital leases, including lease-purchase agreements, in enterprise funds (but not internal service funds) as "revenue debt" and to classify all other capital leases as general debt. The existence of a fiscal funding clause (which allows termination of a lease if revenue sources become inadequate) has no effect on the classification of a lease as general or revenue debt.

Assessment debt is distinguished by those whom it will benefit, namely, properties within a specific geographical area (i.e., a local improvement district or LID). The resources to pay assessment debt will come (at least partly) from assessments levied on the benefiting properties. These benefiting properties are called LIDs (local improvement districts), RIDs (road improvement districts), ULIDs (utility local improvement districts), and some other types such as sidewalk improvement districts. Do not confuse an LID with a special purpose district; an LID is simply a special assessment tax roll, while a special purpose district is actually a separate unit of government.

Special purpose district debt includes all debt for which the preparer has fiduciary responsibility but another government has the responsibility for payment. This category of debt is common in counties, which have fiduciary duties for fire, school, park, water and many other kinds of districts. All school district long-term debt may be combined and shown on one line. For all other special purpose districts, the individual district responsible for each debt must be identified, and similar districts should be grouped together on the schedule. For example, all debt of fire districts should be shown, then all debt of water districts, then all debt of sewer districts, and so on.

This schedule may be submitted in any format, so long as the required information is provided.

NOTE: For Schedule 09, list all bonded debt at par. Include principal only on all debt. Do not include any interfund debt, liabilities for deferred compensation, employee leave benefits or any short-term debt (less than one year). Generally, construction contracts are not considered debt except to the extent the contractor has performed.

IDENTIFYING NUMBER AND DESCRIPTION:

The numbers and descriptions below must be used on the Schedule 09. Typical debt instruments are listed within each category of debt.

I.D. No. **GENERAL DEBT** - Debt backed by the government's full taxing authority.

251.11 General Obligation Bonds for Capital Purposes - (No Vote Required)
251.12 General Obligation Bonds for Capital Purposes - (Vote Required)
251.15 General Obligation Bonds for Capital Purposes - Advance Refunding - Defeasance Method
251.16 General Obligation Bonds for Capital Purposes - Advance Refunding - Crossover Method
251.41 General Obligation Bonds for M and O Purposes* - (No Vote Required)
251.42 General Obligation Bonds for M and O Purposes - (Vote Required)
251.45 General Obligation Bonds for M and O Purposes - Advance Refunding - Defeasance Method
251.46 General Obligation Bonds for M and O Purposes - Advance Refunding - Crossover Method
263.11 Claims and Judgments (Long-Term Only)
263.51 Installment Sales Contracts
263.53 Lease-Purchase Agreements
263.55 Other Capital Leases
263.61 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.64 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.66 Other Notes Payable for Capital Purposes
263.68 Other Notes Payable for M and O Purposes
263.81 Due to Other Governmental Units for Capital Purposes (Long-Term Debt Only. An example is the amount due to the state retirement system for pension systems prior to PERS and LEOFF)
263.84 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.91 Miscellaneous Long-Term General Debt for Capital Purposes
263.94 Miscellaneous Long-Term General Debt for M and O Purposes

* M and O refers to Maintenance and Operation.

I.D. No. **REVENUE DEBT** - Debt backed by specific revenue sources.

252.11 Revenue Bonds for Capital Purposes - (No Vote Required)
252.12 Revenue Bonds for Capital Purposes - (Vote Required)
252.15 Revenue Bonds for Capital Purposes - Advance Refunding - Defeasance Method
252.16 Revenue Bonds for Capital Purposes - Advance Refunding - Crossover Method
252.41 Revenue Bonds for M and O Purposes - (No Vote Required)
252.42 Revenue Bonds for M and O Purposes - (Vote Required)
252.45 Revenue Bonds for M and O Purposes - Advance Refunding - Defeasance Method
252.46 Revenue Bonds for M and O Purposes - Advance Refunding - Crossover Method
263.12 Claims and Judgments (Long-Term Only)
263.41 Revenue Warrants (Coupon Warrants) for Capital Purposes
263.44 Revenue Warrants (Coupon Warrants) for M and O Purposes
263.52 Installment Sales Contracts
263.54 Lease-Purchase Agreements
263.56 Other Capital Leases
263.62 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)

263.65 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.67 Other Notes Payable for Capital Purposes
263.69 Other Notes Payable for M and O Purposes
263.82 Due to Other Governmental Units for Capital Purposes (Long-Term only)
263.85 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.92 Miscellaneous Long-Term Revenue Debt for Capital Purposes
263.95 Miscellaneous Long-Term Revenue Debt for M and O Purposes

I.D. No. **ASSESSMENT DEBT** - Debt secured by assessments levied against a specific group of properties.

253.11 Special Assessment Bonds - LID
253.12 Special Assessment Bonds - ULID
253.13 Special Assessment Bonds - RID
253.14 Special Assessment Bonds - Other
253.15 Special Assessment Bonds - Advance Refunding - Defeasance Method
253.16 Special Assessment Bonds - Advance refunding - Crossover Method
263.43 LID Warrants
263.63 LID Notes
263.99 Miscellaneous Long-Term Assessment Debt

I.D. No. **REFUNDED DEBT**

251.90 General Obligation Bonds - Advance Refunded
252.90 Revenue Bond - Advance Refunded
253.90 Special Assessment Bonds - Advance Refunded

SPECIAL PURPOSE DISTRICT DEBT - General, refunded, revenue and special assessment debt of special purpose districts. These debts should be grouped by district type; for example, fire districts, then school districts, then sewer districts, etc. Do not confuse *special assessment districts* with *special purpose districts*.

I.D. No. **SPECIAL PURPOSE DISTRICTS**

251.11 General Obligation Bonds for Capital Purposes - (No Vote Required)
251.12 General Obligation Bonds for Capital Purposes - (Vote Required)
251.15 General Obligation Bonds for Capital Purposes - Advance Refunding - Defeasance Method
251.16 General Obligation Bonds for Capital Purposes - Advance Refunding - Crossover Method
251.41 General Obligation Bonds for M and O Purposes - (No Vote Required)
251.42 General Obligation Bonds for M and O Purposes - (Vote Required)
251.45 General Obligation Bonds for M and O Purposes - Advance Refunding - Defeasance Method
251.46 General Obligation Bonds for M and O Purposes - Advance Refunding - Crossover Method
251.90 General Obligation Bonds - Advance Refunded
252.11 Revenue Bonds for Capital Purposes - (No Vote Required)
252.12 Revenue Bonds for Capital Purposes - (Vote Required)
252.15 Revenue Bonds for Capital Purposes - Advance Refunding - Defeasance Method
252.16 Revenue Bonds for Capital Purposes - Advance Refunding - Crossover Method
252.41 Revenue Bonds for M and O - (No Vote Required)
252.42 Revenue Bonds for M and O - (Vote Required)
252.45 Revenue Bonds for M and O - Advance Refunding - Defeasance Method
252.46 Revenue Bonds for M and O - Advance Refunding - Crossover Method

252.90 Revenue Bond - Advance Refunded
253.11 Special Assessment Bonds - LID
253.12 Special Assessment Bonds - ULID
253.13 Special Assessment Bonds - RID
253.14 Special Assessment Bonds - Other
253.15 Special Assessment Bonds - Advance Refunding - Defeasance Method
253.16 Special Assessment Bonds - Advance Refunding - Crossover Method
253.90 Special Assessment Bonds - Advance Refunded
263.41 Revenue Warrants (Coupon Warrants) for Capital Purposes
263.43 LID Warrants for Capital Purposes
263.44 Revenue Warrants (Coupon Warrants) for M and O Purposes
263.63 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.66 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.83 Due to Other Governmental Units for Capital Purposes (Long-Term Only)
263.86 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.91 Miscellaneous Long-Term General Debt for Capital Purposes
263.94 Miscellaneous Long-Term General Debt for M And O Purposes

IDENTIFYING NUMBER:

Include appropriate number (see the listing on previous pages).

DATE OF ORIGINAL ISSUE/DATE OF MATURITY These columns are self-explanatory.

(1) BEGINNING OUTSTANDING DEBT This column should include the amount of debt that was owed at the beginning of this period. The amount shown should equal the last year ending balance. If there is a discrepancy, please attach an explanation.

(2) AMOUNT ISSUED IN CURRENT YEAR In this column report the entire amount of any new debt or any additional debt issued (or borrowed) during the current period. For example, assume a G.O. bond authorized in the previous year at $5,000,000, with $4,000,000 issued that year and an additional $500,000 issued in the report year. Under these circumstances, this column should show $500,000.

(3) AMOUNT REDEEMED IN CURRENT YEAR In this column, report the amount of debt that was paid this period. Do NOT include interest paid on the redeemed debt. The total amount in this column should equal long-term payments shown on Schedule 5 (Object code 70).

BARS CODE FOR REDEMPTION/REDEEMING FUND NUMBER Include BARS codes used for posting of the redemption of the debt. Also provide fund number in which the redemption occurred. You may use more than one line if the redemption of the debt was split among several funds.

(4) ENDING OUTSTANDING DEBT In this column, report the amount of debt that is owed at the end of this period.

Ending outstanding debt (column (4)) is calculated by adding the amounts in columns (1) and (2) and subtracting redeemed debt in column (3).

$$(1) + (2) - (3) = (4)$$

Total those columns for each debt type.

MCAG NO. _____

Schedule 09
Page ____ of ____

SAMPLE COUNTY
(CITY/COUNTY/DISTRICT)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2002

_X_ G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/02 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/02 (1)+(2)-(3)
251.12	03/99	03/19	$4,400,000	—	 $100,000 	582.__ __.__ __ 591.1 2.7 0 599.__ __.__ __	 001 	—
251.12	03/99	03/19	$4,400,000	—	 $100,000 	582.__ __.__ __ 591.1 2.7 0 599.__ __.__ __	 201 	$4,200,000
251.41	06/95	06/05	$3,000,000	$500,000	$400,000 	582.3 5.7 0 591.__ __.__ __ 599.__ __.__ __	405 	$3,100,000
251.15	12/97	12/17		$500,000	— — —	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	 	$500,000
Total			$7,400,000	$1,000,000	$600,000			$7,800,000

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2
BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 16

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Page ____ of ____

SAMPLE COUNTY
(CITY/COUNTY/DISTRICT)

___ G.O. Debt
_X_ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2002

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/02 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/02 (1)+(2)-(3)
252.11	04/98	04/18	$300,000	—	$100,000	582.3 5.7 0 591.__ __.__ __ 599.__ __.__ __	401	$200,000
263.95	08/96	08/06	$1,200,000	$300,000	— — —	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		$1,500,000
Total			$1,500,000	$300,000	$100,000			$1,700,000

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2 BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 17

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Page ____ of ____

SAMPLE COUNTY
(CITY/COUNTY/DISTRICT)

___ G.O. Debt
___ Revenue Debt
_X_ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2002

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/02 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/02 (1)+(2)-(3)
253.11	10/99	10/19	$1,500,000	—	 $400,000 	582.__ __.__ __ 591.4 2.7 0 599.__ __.__ __	 203 	$1,100,000
253.13	10/97	10/17	—	$3,000,000	 	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	 	$3,000,000
Total			$1,500,000	$3,000,000	$400,000			$4,100,000

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2
BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 18

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Schedule 09
Page ____ of ____

SAMPLE COUNTY
(CITY/COUNTY/DISTRICT)

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
_X_ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2002

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/02 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/02 (1)+(2)-(3)
251.90	08/97	08/17	$500,000	—	$500,000	582.__ __.__ __ 591.__ __.__ __ 599.8 9.7 0	202	0
Total			$500,000	—	$500,000			0

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2
BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 19

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Schedule 09
Page ____ of ____

SAMPLE COUNTY
(CITY/COUNTY/DISTRICT)

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
_X_ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2002

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/02 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/02 (1)+(2)-(3)
Fire District No. 10						582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		
251.12	03/99	03/09	$2,000,000	—	$300,000	582.__ __.__ __ 591.2 5.7 0 599.__ __.__ __	661	$1,700,000
School District No. 21						582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		
251.12	06/95	06/05	$4,000,000	$500,000		582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		$4,500,000
Total All Districts			$6,000,000	$500,000	$300,000			$6,200,000

MCAG NO. _____

Schedule 09
Page ____ of ____

_____
(CITY/COUNTY/DISTRICT)

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, _____

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/____ (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/____ (1)+(2)-(3)
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	

SCHEDULE 10 - LIMITATION OF INDEBTEDNESS

All Category 2 counties and cities must complete this schedule. This section includes one schedule for counties, and one for cities and towns. With the proper adjustments, either schedule can be used by any municipality to compute its debt limit.

When making this calculation, all general obligations of the county or city and all applicable cash on hand, or its equivalent, available for the payment of general obligations should be included.

General obligations consist of the following:

1. General Obligation Bonds (Voted and Nonvoted), including bond anticipation notes which are to be paid off with the proceeds of the bonds. Include interest only if it has matured and is due and payable.

2. Deep discount debt (e.g., zero coupon bonds). Report the face amount of the bond.

3. Warrants and registered warrants issued against the general (current expense) or other tax supported funds.

4. Executory conditional sales or installment sales contracts pledging the full faith and credit of the taxing district. (RCW 39.30.010)

5. Other obligations of the general or other tax supported funds, except for loan agreements with agencies of the state of Washington or the U.S.A. dated on or after April 3, 1987. (RCW 39.36.060 and 39.69.020)

6. Obligations of internal service funds that provide services to the general or other tax supported funds.

7. Municipal leases (RCW 35.42.200)

NOTE: Counties should not include debt of junior taxing districts.

The following obligations do not constitute debt for debt limitation purposes:

1. Contingent liabilities;

2. Obligations payable from special funds and solely from unanticipated service revenue;

3. Refunded or revenue debt; and

4. Interfund loans.

SCHEDULE 10 - (Continued)

Applicable cash or its equivalent, as used herein, shall consist of and be limited to the following:

1. Cash and investments on hand in special debt redemption funds reserved exclusively for use in repaying outstanding general obligations.

2. Uncollected ad valorem taxes levied expressly for the purpose of paying general bonded indebtedness.

3. Cash and investments on hand in other than special debt redemption funds; uncollected ad valorem taxes levied for other than special debt redemption funds, and accounts receivable due from other funds of the same taxing district not supported by taxation or from other governmental units, the payment of which has been officially authorized: Provided, that such cash assets may only be considered as offsets against outstanding warrants and other current obligations of the same funds.

Do not include cash or investments that will be used to make interest payments during the initial months of the subsequent fiscal year prior to property tax collections. Also, do not include uncollected taxes from prior years except taxes specifically levied for debt redemption.

LEGAL LIMITS OF INDEBTEDNESS (RCW 39.36.020 and 35.42.200)

1. Indebtedness For General Purposes Without A Vote Of The People.

   LEGAL LIMIT @ 1½% on the value of taxable property for counties, cities, and towns.

   LEGAL LIMIT @ 3/8 of 1% on the value of taxable property for most other municipalities.

   Separate limits exist for cemetery districts (RCW 68.52.310), park districts (RCW 35.61.100 through 35.61.110), port districts (RCW 53.36.030), school districts (RCW 28A.530.010), sewer districts (RCW 56.16.010), and water districts (RCW 57.20.110 and 57.20.120).

2. Indebtedness For General Purposes Without A Vote Of The People (Capital Leases). Applies ONLY to cities and towns.

   LEGAL LIMIT @ 1½% on the value of taxable property for cities and towns.

3. Indebtedness For General Purposes With A 3/5 Vote Of The People.

   LEGAL LIMIT @ 2½% on the value of taxable property for counties, cities, and towns.

4. Indebtedness For City Or Town Utility Purposes With A 3/5 Vote Of The People.

   LEGAL LIMIT @ 2½% on the value of taxable property.

5. Indebtedness For Open Space, Park Facilities, And Capital Facilities associated with economic development With A 3/5 Vote Of The People. Applies ONLY to cities and towns.

   LEGAL LIMIT @ 2½% on the value of taxable property.

SCHEDULE 10 - (Continued)

The value of taxable property is the actual value of taxable property in the county, city or town, ascertained by the last assessment for state or county purposes. Incorporated cities should also include the timber value as defined in RCW 84.33.035.

The last assessed valuation is the valuation placed on the last completed and balanced tax rolls of the county preceding the date of contracting the debt or incurring liability (RCW 39.36.010 and .015). By the time this schedule is prepared, assessed valuation data has been updated for next year's tax levy. The most current assessed value available should be used.

NOTES TO PREPARER - COUNTIES:

1. The total indebtedness for general purposes with or without a vote cannot exceed 2½% of the value of taxable property.

2. The 1.5% of indebtedness available without a vote is valid only if the amount of indebtedness with a vote is 1% or less. Any indebtedness with a vote in excess of 1% will proportionately reduce the margin available without a vote.

3. When calculating indebtedness include all applicable assets and liabilities.

4. If assets equal or exceed liabilities, record zero for indebtedness incurred.

NOTES TO PREPARER - CITIES/TOWNS:

1. The total indebtedness for general purposes with or without a vote cannot exceed 2½% of the value of taxable property. General purpose indebtedness includes debt for capital leases without a vote. The legal limit for capital lease debt (RCW 35.42.200) is included in the 2½% and does not constitute extra allowable debt.

2. The 1.5% of indebtedness available without a vote is proportionately reduced by capital lease debt or any indebtedness with a vote in excess of 1%.

3. Indebtedness for utility or open space, park facilities, and capital facilities associated with economic development purposes with a vote may exceed 2½% of the value of taxable property (up to 5%). Any excess will proportionately reduce the margin still available for general purposes.

4. The total indebtedness combined cannot exceed 7½% of the value of taxable property.

5. When calculating indebtedness, include all applicable assets and liabilities.

6. If assets equal or exceed liabilities, record zero for indebtedness incurred.

_____

(COUNTY NAME)
Schedule Of Limitation Of Indebtedness
As Of December 31, ____

Total Taxable Property Value $ _____

I. Indebtedness For General Purposes Without A Vote

Legal Limit 1.5% Of Taxable Property Value		$ _____	
Indebtedness (Liabilities):			
GO Bonds	$ _____		
Others	$ _____		
Less Assets Available	$ _____		
Indebtedness Incurred - Section I		$ _____	
Indebtedness Margin Before Excess		$ _____	
Indebtedness Incurred From Section II In Excess Of 1% Of Taxable Property Value		$ _____*	
Margin Of Indebtedness Available Without A Vote		$ _____	

II. Indebtedness For General Purposes With 3/5 Vote

Legal Limit 2.5% Of Taxable Property Value		$ _____	
Indebtedness (Liabilities):			
GO Bonds	$ _____		
Others	$ _____		
Less Assets Available	$ _____		$ _____
Indebtedness Incurred - Section II		$ _____*	
			$ _____
Margin Of Indebtedness Available With 3/5 Vote		$ _____	
			$ _____
Total Indebtedness Allowable (Legal Limit 2.5%)			
			$ _____
Less: Indebtedness Incurred - Section I			
Less: Indebtedness Incurred - Section II			
MARGIN OF INDEBTEDNESS AVAILABLE			

* See Notes To Preparer No. 2

_____
(CITY/TOWN NAME)
Schedule Of Limitation Of Indebtedness
As Of December 31, ____

Total Taxable Property Value $ _____

I. General Purpose Indebtedness (Legal Limit 2.5% Of Taxable Property Value) $ _____

A. General Purpose Indebtedness Without A Vote (Legal Limit 1.5%) $ _____

Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others		
Less Assets Available	$ _____	
Indebtedness Incurred - Section A		$ _____
Indebtedness Margin - Section A	$ _____	$ _____

B. Capital Lease Without A Vote (Legal Limit 1.5%) $ _____

Capital Leases Payable	$ _____	
Less Assets Available		
Indebtedness Incurred - Section B	$ _____	$ _____
		$ _____

C. General Purpose Indebtedness With A Vote (Legal Limit 2.5%) $ _____

Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others		
Less Assets Available	$ _____	
Indebtedness Incurred - Section C		$ _____
	$ _____	$ _____

Less: Indebtedness Incurred - General Purposes (Sections A+B+C) $ _____

Less: Indebtedness From Section II In Excess of 2.5% Of Property Value $ _____

Less: Indebtedness From Section III In Excess of 2.5% Of Property Value $ _____

Margin Of Indebtedness Available - General Purposes $ _____

_____
(CITY/TOWN NAME)
Schedule Of Limitation Of Indebtedness
As Of December 31, ____

II. Indebtedness For Utility Purposes With 3/5 Vote (Legal Limit 2.5%)		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Utility		$ _____
Indebtedness Margin - Utility Purposes		$_____ *
III. Indebtedness For Open Space And Parks Facilities With 3/5 Vote (Legal Limit 2.5%)		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Open Space, Parks Facilities, And Capital Facilities	$ _____	$ _____
Indebtedness Margin - Open Space And Parks Facilities		$_____ *

Total Indebtedness Allowable (Legal Limit 7.5%)	$ _____
Less: Indebtedness Incurred - General Purposes	$ _____
Less: Indebtedness Incurred - Utility Purposes	$ _____
Less: Indebtedness Incurred - Open Space and Parks Facilities	$ _____
MARGIN OF INDEBTEDNESS AVAILABLE	$ _____

* See Notes To Preparer No. 3.

SCHEDULE 11 - CASH ACTIVITY

This schedule provides information about the total cash inflows and outflows of the local government. It is used to identify the number of funds and to verify that the financial statements and schedules include all the funds of the government. This schedule is also used to evaluate accounting control over the total receipts and disbursements of the government, to reconcile fund receipts and disbursements with fund revenues and expenditures. Finally, it is used to collect information about the financial activity and cash position of special purpose districts that use a city or county treasury.

This schedule must be prepared for all funds. Surplus cash invested that is not attributed to any specific fund is to be reported on a separate line at the end of the fund listings. Beginning and ending balances of cash should not include investments. (See Schedule 11 example.)

The columns headed *Investments Liquidated* and *Investments Acquired* should contain the total amount of investment principal sold or purchased, regardless of whether the transaction was made by receipt, warrant, treasurer's check, interfund transfer, or electronic funds transfer. The amounts in these columns should, therefore, equal the corresponding columns in Schedule 12. Any money received in excess of the purchase price when an investment is liquidated (sold) must be recorded as a receipt or transfer in, not in the *Investments Liquidated* column.

Transfers in and out of the various funds refer to those moneys taken out of one fund and placed into another fund by means other than through the issuance of a warrant and the writing of a receipt. Transfers-in must equal total transfers-out, including transfers to claims/payroll funds.

In those entities that use claims and payroll clearing funds, the cash taken out of the various operating funds and put into the clearing fund will be treated as *Transfers-Out to Claims/Payroll Funds* in the operating funds and as *Transfers-In* in the applicable clearing funds.

All moneys received from outside the municipality, other than the purchase price of investments sold, must be reported in the *Receipts* column. All treasurer's checks issued, other than for the purchase of investments, must be reported in the *Disbursements* column.

In counties, all school districts may be combined and shown on one line. With that one exception, when reporting funds that belong to others, list each fund separately and group by type, such as "State, Cities and Towns, Water Districts, Fire Districts, etc." LIST EACH FUND ON A SEPARATE LINE IN FUND NUMBER SEQUENCE and provide a total for each group.

Please provide a line for *Total Fund Cash* then list any *Surplus Cash Invested* as shown in the Schedule 11 example and a line for *Total Net Cash*. This presentation is necessary to prevent any duplication of reporting *Surplus Cash Invested* balances, in both Schedules 11 and 12.

This schedule may be submitted in any format as long as the required information is provided.

MCAG NO. 9870

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2
BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 30

CITY OF PERFECT
(CITY/COUNTY/DISTRICT)
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 2002

		CASH ACTIVITY-IN				
FUND NO.	DESCRIPTION	BEGINNING BALANCE	RECEIPTS	INVESTMENTS LIQUIDATED	TRANSFERS-IN	TOTAL AVAILABLE
001	Current Expense Fund	$ 40,474	$476,053	$ 30,000	$ 34,661	$ 581,188
101	Street Fund	22,935	116,594	18,000	-	157,529
102	Arterial Fund	8,429	54,690	115,000	-	178,119
105	Park Fund	9,025	34,057	25,000	1,000	69,082
201	1995 G.O. Bond Redemption	11,742	88,744	32,000	-	132,486
401	Water/Sewer Fund	17,830	295,304	180,000	2,764	495,898
403	Solid Waste	12,241	753	10,000	56,499	79,493
411	1996 Bond and Reserve Fund	9,792	3,856	50,000	67,275	130,923
501	Equipment Rental Fund	481	9,102	240,000	73,990	323,573
631	Claims Clearing	20,847	-	-	500,110	520,957
632	Payroll Clearing	14,938	-	-	587,952	602,890
	Total Fund Cash	168,734	1,079,153	700,000	1,324,251	3,272,138
XXX	Surplus Cash Invested	(77,684)	-	618,214	-	540,530
	TOTAL NET CASH	$ 91,050	$1,079,153	$1,318,214	$1,324,251	$3,812,668

MCAG NO. _____

EFF DATE 1-1-02

SUPERSEDES 1-1-01

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 31

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF CASH ACTIVITY

For The Year Ended December 31, ___

		CASH ACTIVITY-IN				
FUND NO.	DESCRIPTION	BEGINNING BALANCE	RECEIPTS	INVESTMENTS LIQUIDATED	TRANSFERS-IN	TOTAL AVAILABLE

EFF DATE 1-1-02

SUPERSEDES 1-1-01

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 32

CITY OF PERFECT
(CITY/COUNTY/DISTRICT)
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 2002

CASH ACTIVITY-OUT						
FUND NO.	INVESTMENTS ACQUIRED	TRANSFERS OUT TO CLAIMS/PAYROLL	OTHER TRANSFERS OUT	DISBURSEMENTS	TOTAL USED	ENDING BALANCE
001	$ 25,000	$ 498,677	$ 36,000	$ 6,036	$ 565,713	$15,475
101	15,000	113,313	20,000	640	148,953	8,576
102	30,000	127,897	-	9,521	167,418	10,701
105	20,000	33,860	3,432	6,508	63,800	5,282
201	36,000	-	-	89,250	125,250	7,236
401	180,000	139,282	150,774	19,000	489,056	6,842
403	2,000	58,693	18,000	-	78,693	800
411	50,000	-	-	71,500	121,500	9,423
501	200,000	116,340	-	-	316,340	7,233
631	-	-	7,983	462,941	470,924	50,033
632	-	-	-	574,047	574,047	28,843
	558,000	1,088,062	236,189	1,239,443	3,121,694	150,444
XXX	621,472	-	-	-	621,472	(80,942)
	$1,179,472	$1,088,062	$236,189	$1,239,443	$3,743,166	$ 69,502

MCAG NO. _____

EFF DATE 1-1-02

SUPERSEDES 1-1-01

CATEGORY 2

BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 33

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF CASH ACTIVITY

For The Year Ended December 31, ____

CASH ACTIVITY-OUT						
FUND NO.	INVESTMENTS ACQUIRED	TRANSFERS OUT TO CLAIMS/PAYROLL	OTHER TRANSFERS-OUT	DISBURSEMENTS	TOTAL USED	ENDING BALANCE

SCHEDULE 12 - INVESTMENT ACTIVITY

This schedule provides information about the total investment activity of the local government. Also, it is used to collect information about the financial position of special purpose districts that use a city or county treasury.

Do not report interest earnings or accruals on this schedule, **except** when reinvested. You may use the *Reinvested Interest* column or report it together with other investments in *Acquired* column.

This schedule must be prepared for all funds within the treasurer's or finance officer's custody. Investments of cash surplus are not considered to be investments of a specific fund, therefore, they are listed on a separate line at the end of the fund investment listings.

In counties, all school districts may be combined and shown on one line. For other districts, list each fund on a separate line in fund number sequence and provide a total for each district.

Please provide a line for *Total Fund Investments* and a line for *Total All Investments*. (See Schedule 12 example.) Also note that the columns headed *Investments Liquidated* and *Investments Acquired* should equal the corresponding column amounts on Schedule 11.

This schedule may be submitted in any format as long as the required information is provided.

CITY OF PERFECT
(CITY/COUNTY/DISTRICT)

SCHEDULE OF INVESTMENT ACTIVITY - ALL FUNDS

For The Year Ended December 31, 2002

FUND NO.	DESCRIPTION	BEGINNING INVESTMENT BALANCE 01/01/2002	INVESTMENT (AT COST)		REINVESTED INTEREST	ENDING INVESTMENT BALANCE 12/31/2002
			ACQUIRED	LIQUIDATED		
001	Current Expense Fund	$50,000	$20,000	$30,000	$5,000	$45,000
101	Street Fund	5,000	15,000	18,000		2,000
102	Arterial Street Fund	90,000	30,000	115,000		5,000
105	Parks Fund	10,000	20,000	25,000		5,000
201	1995 G.O Bond Redemption	16,000	36,000	32,000		20,000
401	Water/Sewer Fund	80,000	180,000	180,000		80,000
403	Solid Waste	15,000	1,800	10,000	200	7,000
411	1996 Bond and Reserve Fund	50,000	50,000	50,000		50,000
501	Equipment Rental Fund	120,000	200,000	240,000		80,000
	Total Fund Investments	436,000	552,800	700,000	5,200	294,000
XXX	Surplus Cash Invested	77,684	621,472	618,214	–	80,942
	TOTAL ALL INVESTMENTS	$513,684	$1,174,272	$1,318,214	$5,200	$374,942

MCAG NO. _____

Schedule 12
Page ____ of ____

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF INVESTMENT ACTIVITY - ALL FUNDS

For The Year Ended December 31, ____

FUND NO.	DESCRIPTION	BEGINNING INVESTMENT BALANCE 01/01/____	INVESTMENT (AT COST)		REINVESTED INTEREST	ENDING INVESTMENT BALANCE 12/31/____
			ACQUIRED	LIQUIDATED		

EFF DATE 1-1-02
SUPERSEDES 1-1-01
CATEGORY 2
BARS MANUAL: VOL 1 PT 4 CH 4 PAGE 37

SCHEDULES 13, 14, - U.S. BUREAU OF THE CENSUS DATA

These schedules provide a variety of financial information that is requested by the U.S. Bureau of the Census in addition to the information contained on other schedules (particularly 04, 05, and 09). The instructions on the form are taken directly from those provided by the Census Bureau.

Schedule 13 is based on the end-of-year information on Schedules 11 and 12, but additional detail is requested about the types of investments held and the portion of cash and investments provided by bond issues or dedicated to debt redemption.

Schedule 14 is intended to supplement Schedule 09. It identifies the amount of formal debt outstanding that was issued with a maturity of less than 12 months.

For these schedules, you should report assets and debt that apply to your own government, not to any special purpose districts.

Note from the Census Bureau:

We are requesting your help in completing schedules 13 and 14. The information gathered from these schedules and other sources will provide the only source of nationwide comprehensive information on state and local government financial statistics. Some of the major uses include:

- *Development of a component of the Gross Domestic Product.*
- *Development of the related national income accounts.*
- *Development of a component of the Federal Reserve Board's Flow of Funds Account.*
- *Allocation of Federal grant funds to state and local governments.*

Please help us by completing these schedules with the information from your financial records and returning them to the Washington State Auditor's Office.

If you have any questions, please call the Census Bureau's Governments Division at 1-800-242-4523. Thank you for your cooperation. The Census Bureau appreciates your help.

MCAG No: _____ **_____**

(CITY/COUNTY/DISTRICT)
SUPPLEMENTAL CENSUS BUREAU SCHEDULES 13, 14
For The Year Ended December 31, ____

	Amount At End Of Fiscal Year (omit cents)		
	ALL MONEY HELD FOR REDEMPTION OF LONG-TERM DEBT	**UNEXPENDED PROCEEDS OF BOND ISUES**	**ALL OTHER MONEYS**
SCHEDULE 13: CASH AND INVESTMENTS AT YEAR-END			
Include proprietary fund assets and most trust funds, but exclude pension trust and agency funds.			
A. CASH AND DEPOSITS - Cash on hand and demand, time or savings deposits.			
B. FEDERAL SECURITIES - Obligations of U.S. Treasury (including short-term notes) and Federal Financing Bank.			
C. FEDERAL AGENCY SECURITIES - Obligations of government owned agencies comprising CCC, Export-Import Bank, FHA, GNMA, Postal Service and TVA.			
D. STATE AND LOCAL GOVERNMENT SECURITIES			
E. OTHER SECURITIES - Bonds, notes, mortgages, etc., not included in the foregoing classes. Include the following privately financed former federal agencies: FHLB, FLB, FNMA, Banks for Cooperatives and Federal Intermediate Credit Banks. Exclude accounts receivable, value of real property and any other nonsecurity assets.			
		BALANCE AS OF BEGINNING OF YEAR	**BALANCE AS OF END OF YEAR**
SCHEDULE 14: SHORT-TERM INTEREST-BEARING DEBT			
Tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with a term of one year or less. Exclude accounts payable and other noninterest-bearing obligations. Include proprietary and most trust funds but exclude pension trusts and agency funds.			

SCHEDULE 16 - EXPENDITURES OF FEDERAL AWARDS AND STATE/LOCAL FINANCIAL ASSISTANCE

The Schedule of Financial Assistance is an essential document for planning and conducting the audit of your organization. It also serves to provide assurance to those agencies who award financial assistance that their programs or grants were included in the audit. It is important to prepare this schedule carefully to ensure that it is accurate and complete. Any program or grant omitted from this schedule will be considered unaudited. This schedule should be prepared on the same basis of accounting as the financial statements.

Schedule 16 is comprised of two schedules: (1) Schedule of Expenditures of Federal Awards and (2) Schedule of State and Local Financial Assistance.

Schedule of State and Local Financial Assistance

List on this schedule grants received directly or indirectly from state agencies (334), grants from other local governments (337), and program income. State shared revenues, apportionments, entitlements (BARS resource codes 335 and 336), and loans do not need to be included on this schedule.

List separately awards received from state and local governments. Provide a subtotal for both categories and a total for the entire schedule. In addition, list all financial assistance received from the same state agency together.

Schedule of Expenditures of Federal Awards

Include on this schedule all expenditures of federal awards that were received directly from a federal agency and indirectly from a state agency or local government. This schedule should be prepared for the year in which federal awards are expended. Preparation of this schedule should not be based on the date(s) that funds are received (e.g., advances or reimbursement). "Federal awards expended" include the following:

- Expenditure transactions associated with grants (include expenditures of military forest yields), cost-reimbursement contracts, cooperative agreements, and direct appropriations;
- Disbursement of funds passed through to subrecipients;
- Receipt of loan proceeds under loan and loan guarantee programs;
- Receipt of federal property and surplus property;
- Receipt or use of program income (see revolving loan exception below);
- Distribution or consumption of food commodities;
- Disbursement of amounts entitling a non-federal entity to an interest subsidy; and
- Insurance contracts in force during the period under audit.

List all awards from the same federal agency together on the schedule (for example, group all HUD awards together). Next, within each federal agency section, list all direct awards first followed by indirect awards.

Provide subtotals for programs with the same Catalog of Federal Domestic Assistance (CFDA) number. Also provide subtotals for assistance received directly and assistance received indirectly. Provide a total for each federal agency.

It is important to note that the “expenditures” reported on the Schedule of Expenditures of Federal Awards will not necessarily tie to those reported on the operating statement, especially if the federal awards include loans, insurance, or commodities. However, all amounts reported should agree or reconcile to records maintained by finance, budget, and treasury departments.

Valuation of Federal Loans and Noncash Assistance

Use the following guidelines to calculate the value of "federal awards expended" under loan programs:

(1) Amount of new loans received during the fiscal year, plus

(2) Balance of loans from previous years for which the Federal Government imposes continuing compliance requirements, plus

(3) Any interest subsidy, cash, or administrative cost allowance received.

NOTE: Loans, the proceeds of which were received and expended in prior years, are not considered Federal awards expended when the laws, regulations, and the provisions of contracts or grant agreements pertaining to such loans impose no continuing compliance requirements other than to repay the loans

Noncash Assistance: Food Stamps, food commodities, donated property, and donated surplus property should be valued at fair market value at the time of receipt or the assessed value provided by the federal agency. The Notes to the Schedule of Financial Assistance should disclose the nature of the amounts reported.

Revolving Loans: According to the federal regulations, repayments of principal and interest are considered program income (revenues) and loans of such funds to eligible recipients are considered expenditures. For purposes of Schedule 16, report only the amount of loan funds expended during the year.

Other preparation hints for both schedules

Often federal financial assistance received indirectly is a mix of federal and state or local money. If possible, identify the different sources and list them on appropriate schedules (i.e., the federal share on the *Schedule of Expenditures of Federal Awards* and the state or local portion on the *Schedule of State and Local Financial Assistance*. If the state or local portion cannot be identified, list the entire amount on the *Schedule of Expenditures of Federal Awards* and describe the commingled nature of the funds in *the notes to the Schedule of Expenditures of Federal Awards*.

The funds received as *fee for services* (338) should not be included on the Schedule 16.

Records must agree or reconcile to those in finance, budget and treasury departments.

Example- Schedule of Expenditures of Federal Awards

Column 1 Provide the name of the grantor agency or organization followed by the name of each program for that agency. Please clearly distinguish between federal agencies and state agencies with similar names or initials. If you receive federal funds indirectly, identify the state pass-through agency. Identify noncash awards in this column also.

Column 2 List the applicable CFDA number for each program. This is a five digit (XX.XXX) identification number assigned by the federal government and published in the Catalog of Federal Domestic Assistance. This number must be provided for all federal awards received either directly from a federal agency or indirectly through a state agency or local government.

Every effort should be made to obtain CFDA numbers. If the number is not provided on the award agreement or contract, contact the granting agency and request the number.

If you are unable to obtain the CFDA number, write "unknown."

Column 3 Use this column to report contract or grant numbers assigned by federal or state agencies, in addition to the CFDA number. If a number is not available, write "N/A."

Column 4 Use this column to report current year expenditures (determined on the same basis of accounting as the financial statements). See requirements for valuing loans and noncash assistance above.

NOTES TO SCHEDULE 16

At minimum, the notes to Schedule 16 should disclose the basis of accounting and any other significant accounting policies used in preparing the schedule. Also provide any information that may be useful to the reader such as the nature of a revolving loan program or the method used to value commodities or other non-cash assistance.

OMB Circular A-133 has removed the requirement to identify major federal programs on the schedule of financial assistance. Instead, the auditor will identify major programs in his/her report.

MCAG NO. _____ _____ Schedule 16

(CITY/COUNTY/DISTRICT)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, _____

1	2	3	4
Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Other Identification Number	Current Year Expenditures

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

Example - Schedule of State and Local Financial Assistance

Column 1 Provide the name of the grantor agency or organization followed by the name of each program for that agency. Please clearly distinguish between agencies with similar names or initials.

Column 2 Use this column to report grant, contract or award numbers assigned by state or local agencies. If a number is not available, write "N/A."

Column 3 Use this column to report current year expenditures (determined on the same basis of accounting as the financial statements).

MCAG NO. _____ _____ Schedule 16

(CITY/COUNTY/DISTRICT)

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

For The Year Ended December 31, _____

1	2	3
Grantor/Program Title	Identification Number	Current Year Expenditures

The Accompanying Notes To The Schedule Of State and Local Financial Assistance Are An Integral Part Of This Schedule.

SAMPLE COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2002

1	2	3	4	
Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Other Identification Number	Current Year Expenditures	
U.S. Dept of Agriculture Direct Programs:				
Water & Waste Disposal Systems (Loan)	10.418	L-97-48	$623,500	Note 4
Water & Waste Disposal Systems	10.418	C-530776-02-0	300,000	
Total Department of Agriculture	10.418		$923,500	Note 2
U.S. Dept of HUD Indirect Award from WA CTED:				
Community Development Block Grant	14.218	B-98-UC-83-0210	$207,720	
Community Development Block Grant	14.218	B-97-UC-63-0701	247,500	
Community Development Block Grant (Loan Program)	14.218	L-97-50	46,233	Note 3
Total CFDA Number	14.218		501,453	Note 2
Rental Rehabilitation Program	14.230	S98-UC5-00361	45,000	
Total Department of Housing and Urban Development			$546,453	
U.S. Dept of Transportation Direct Programs:				
Taxiway	20.106	3-52-0156-09	$515,000	
Airport Improvement Program	20.106	Not Available	674,634	
Total CFDA Number	20.106		1,189,634	Note 2
Noise Reduction	20.102	3-47-175-NI	45,000	
			1,234,634	
U.S. Dept of Transportation Indirect Award From WA State D.O.T.:				
Boating Safety Program	20.205	90-145-018	$150,000	
Highway Planning and Construction	20.205	ER-9001(003)	6,750	
Total CFDA Number	20.205		156,750	
Total Department of Transportation			$1,391,384	
Federal Emergency Management Agency Indirect Award From WA C.T.E.D:				
FEMA Disaster Assistance	83.516	10-254-TH	$43,750	
U.S. Dept of Health and Human Services Indirect Award From WA D.S.H.S:				
Maternal Child Health	93.994	1620-01579	$51,223	
Maternal Child Health (vaccine)	93.994	1620-01579	64,768	Note 5
Total CFDA Number	93.994		115,991	
Childhood Immunization (vaccine)	93.268	1620-01579	47,070	Note 5
Alcohol/Drug Abuse	93.992	1440-83463(2)	12,667	
Total Department of Health and Human Services			$175,728	
TOTAL FEDERAL AWARDS EXPENDED			$3,080,815	

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

SAMPLE COUNTY, WASHINGTON
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
For The Year Ended December 31, 2002

1	2	3	
Grantor / Program Title	Identification Number	Current Year Expenditures	
WA State Energy Office:			
Energy Code Enforcement	1-90-743-09	$68,822	
Total WA State Energy Office		$68,822	
Department of Transportation:			
Division of Aeronautics	GC9434	$5,692	
Street Improvement	8008C011	122,500	
Total Department of Transportation		$128,192	
Department of Social and Health Services:			
Child Protective Services	6500-85008	$22,410	
Total Department of Social and Health Services		$22,410	
Department of Health:			
Maternal Child Health	1620-01579	$75,000	
Immunization; vaccine	1620-01579	58,890	Note 5
Shellfish	2600-02240	8,620	
Total Department of Health		$142,510	
TOTAL STATE ASSISTANCE		$361,934	
EMS Regional Council	N/A	$15,113	
City of Sample; Arts Grant	12345-678	3,115	
TOTAL LOCAL ASSISTANCE		$18,228	
TOTAL STATE AND LOCAL ASSISTANCE		$380,162	

The Accompanying Notes To The Schedule Of State And Local Financial Assistance Are An Integral Part Of This Schedule.

SAMPLE COUNTY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(AND STATE/LOCAL FINANCIAL ASSISTANCE)

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the (city/ county/district)'s financial statements. The (city/county/district) uses the (describe the basis of accounting used by the city/county/district).

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only (federal/state/local) grant portion of the program costs. Entire program costs, including the (city/county/district)'s portion, may be more than shown.

PROGRAM/CONTRACT ACCOUNTABILITY WORKSHEET INSTRUCTIONS

This worksheet is not mandatory but may save time in the preparation and review of the Schedule 16. The worksheet serves as a bridge between information you have in your administrative and accounting records and Schedule 16.

GENERAL INSTRUCTIONS

- Generally, any contract or agreement between your government and the federal government, state or local agency should be included in this schedule. Remember to include loans (federal only), program income, and noncash awards. See Part 3, Chapter 5 in this manual for additional discussion of grant accounting.

- Prepare a worksheet for capital grants. Show the grants as revenues and the assets acquired as expenditures on this worksheet. Examples of this type of grant include water/sewer construction grants from the Environmental Protection Agency and the State Department of Ecology and ADAP grants from the Federal Aviation Agency for airports.

- Use a separate worksheet for each program.

- Use a separate worksheet for each grantor if a program is funded by more than one external source.

- Use a separate worksheet for each fiscal year of a program. For example, if you have a program funded on the state's fiscal year (July 1 -June 30), you need to prepare 2 worksheets, one for January through June and another for July through December. Show only those revenues and expenditures which apply to the calendar year.

- Total contract resources and expenditures should agree to your year-to-date municipal revenue and expenditure reports.

- Federal guarantee, loan, or insurance programs:

  - Any interest subsidy or administrative costs allowance received during the fiscal year under a loan or loan guarantee program should be included in the Schedule of Expenditures of Federal Awards.

  - The existence and value of federal guarantees, prior year loans or insurance programs which did not involve federal outlay during the fiscal year should be disclosed in a footnote on the Schedule of Expenditures of Federal Awards. For example, the outstanding balance of a farmers home loan should be so disclosed.

SPECIFIC LINE ITEM INSTRUCTIONS

Most items are self-explanatory. Specific instructions are as follows:

D3 Do not include amounts drawn down or invoiced in the current year for expenditure early in the following year.

C1a This line should include indirect costs allowed per the grant agreement and a cost allocation plan.

D5 C2 The amounts on these lines should be the same. "Program income" means gross income earned by the grantee from grant-supported activities. Such earnings include income from service fees, sales of grantor funded property and commodities, and usage or rental fees. For further details, see your grant agreement for administrative requirements.

D6 The total on this line should equal the amount on line C3.

D7b C4b Matching revenues and matching expenditures: the amounts on these lines should be the same. On these lines you should include costs and cash "matching share" as defined in your grant agreement for administrative requirements, except for in-kind contributions. You should also include entity moneys expended for program purposes which are not required or do not qualify for match. "In-kind" should be reported separately on line F-6.

D8 The total on this line should equal the amount on line C5. Both amounts should agree to the total program revenues/expenditures reported in your municipal financial reports.

E7 The amount in this line should agree with the amount in line C3 and Column 4 ("Current Year Expenditures") on Schedule 16.

F4 See Part 3, Chapter 12, Interpretation 5 for discussion of the accounting treatment of advances. Do not include receivables from grantors, only those amounts already received by December 31. See NCGA Statement 2: "When grants, entitlements, or shared revenues have not been received nor the revenue recognition criteria met, they should not be reported on the balance sheet . . . ."

PROGRAM/CONTRACT ACCOUNTABILITY WORKSHEET (page 1 of 2)

Balances Shown are as of _____
(Date)

A. Agreement Identification:
Fund No. _____ Fund Name _____
Dept/Program No. _____ - _____ Dept/Program Name _____
Funding Source (s) _____
(Give name of federal/state/other department or agency)

_____
(Give federal/state/other program title)

_____ _____
(CFDA No.) (State Contract No.)

B. Agreement Period:
Beginning Date _____
Original Ending Date _____ Extended to _____

C. EXPENDITURES

Expenditure Codes: _____ - _____ - _____
_____ - _____ - _____
_____ - _____ - _____

1. External funding expended during current year:
   a. For entity's use _____
   b. Passed-through to subrecipients _____
2. Add: Current year expenditures from program income +_____
3. Total external funding source expenditures $_____
4. Add: Expenditures from local sources:
   a. Donations, etc. +_____
   b. Matching moneys +_____
5. Total program/contract expenditures $_____

D. REVENUES

Revenue Code: _____ - _____ - _____

1. Program/contract payments received during current year $_____
2. Less: Receipts for prior year expenditures _____

   Subtotal $_____
3. Add: Amounts billed but not received at year-end +_____
4. Add: Amounts expended in current year but not billed at year-end +_____
5. Add: Program income +_____
6. Total revenue provided by external funding source $_____
7. Add: Revenues from local sources:
   a. Donations, etc. +_____
   b. Matching moneys used in the program/contract +_____
8. Total program/contract resources $_____

E. BUDGET INFORMATION

1. Original award amount or contract limit $_____
2. Prior year(s) + amendments -_____
3. Current year + amendments -_____
4. Total award/contract amount $_____
5. Less: expenditures from prior year(s) -_____
6. Award/contract amount available for current year _____
7. Less: expenditures in current year -_____
8. Unexpended at year-end $_____
9. Has this unexpended amount expired?

   Yes No (Circle answer)
10. List dollars, if any, of this unexpended amount that are encumbered:

F. MISCELLANEOUS FINANCIAL INFORMATION

1. Program assets at year-end $_____
2. Program receivables $_____
3. Program payables at year-end $_____
4. External advances at year-end $_____
5. Interfund loans at year-end $_____
6. In-kind reported to grantor $_____
7. Moneys passed-through to subrecipients $_____
8. Expenditure code(s) for pass-through moneys _____-_____-_____

   _____-_____-_____

   _____-_____-_____

   _____-_____-_____

G. DISPOSITION OF ITEMS QUESTIONED IN PRIOR AUDITS OF THIS PROGRAM

	Question amount	Summary of current status (attach copies of correspondence with grantors supporting disposition)
1.	$_____	_____
2.	$_____	_____
3.	$_____	_____
4.	$_____	_____

H. REPORT DATA

1. Prepared by: _____
2. Phone Number: _____
3. Date Prepared: _____

SCHEDULE 17 - ANNUAL REPORT ON PUBLIC WORKS PROJECTS

INSTRUCTIONS

THIS SCHEDULE APPLIES TO CITIES, TOWNS AND COUNTIES

This report is required annually by RCW 35.22.620(4), 35.23.352(4), 35A.40.200, 36.32.235(11), 36.32.240(2), 39.04.070, and 43.09.205.

Second class and code cities should report only public works project greater than $5,000 AND not let by contract. The $5,000 refers to the entire project and not just the current year portion.

Also include projects performed by a county for a city under RCW 35.77.020.

Instructions for individual columns:

(a) This column is for the identifying account code that is used to track the project.

(b) This column is for the estimated total cost of the project. This should be the same as the budget for the total project.

(c) This column is to record the costs incurred on this project prior to the start of the year being reported.

(d) This column is to record the estimated current year costs of the project and should be the same as the current year portion of the capital project budget.

(e) This column is to record the actual costs of the project for the year being reported.

(f) This column is to record the total costs incurred for the project from inception through the end of the year being reported. It is the sum of the costs incurred in prior years (column c) and the costs incurred in the current year (column e)

(g) This column is to record the remaining expected costs for the project. It is the difference between the total estimated cost of the project (column b) and the total costs incurred for the project through the current year (column f).

MCAG NO. _____ **_____** **Schedule 17**

(CITY/TOWN/COUNTY)

ANNUAL REPORT ON PUBLIC WORKS PROJECTS

For The Year January 1, _____ Through December 31, _____

(a) BARS Account	(b) Total Project Budget	(c) Prior Years Completion	(d) Current Year Budget	(e) Current Year Actual	(f) Project Life-To-Date (c)+(e)	(g) Remaining Budget (b)-(f)

SCHEDULE 19 - LABOR RELATIONS CONSULTANT(S)

The 1993 legislature has requested the State Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 legislature. The statute provides that "the legislature finds and declares that the use of outside consultants is an increasing element in public sector labor relations. The public has a right to be kept informed about the role of outside consultants in public sector labor relations. The purpose of this act is to help ensure that public information is available."

Labor relations is a broad spectrum of activities which concern the relationship of employees as a group with the local government as employer. It includes employee representation issues, negotiation of contracts, and preparation and conduct of interest arbitrations.

A *labor relations consultant* is someone who agrees to perform such services for compensation. For example, a labor relations consultant includes an attorney or other professional engaged by the local government to negotiate a collective bargaining agreement. It would not include a firm engaged to establish a personnel manual or to prescreen job applicants. The determining factor is the substance of services the consultant has been engaged to perform.

This schedule is used to identify expenditures for labor relations consultants: Disclosure should include identification of each consultant and the terms and conditions of each agreement.

The schedule is required to be filed with the State Auditor's Office whether or not your local government has labor relations consultants. Prepare a schedule for each consultant. Alternative formats are acceptable, including spreadsheets, as long as the required information is provided.

MCAG NO._____ **Schedule 19**

_____
(CITY/COUNTY/DISTRICT)

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended _____

Has your government engaged labor relations consultants? ____ Yes ____ No

If yes, please provide the following information for each consultant(s):

Name Of Firm
Name Of Consultant
Business Address
Amount Paid To Consultant During Fiscal Year
Terms And Conditions, As Applicable, Including: Rates (E.g., Hourly, Etc.)_____ Maximum Compensation Allowed _____ Duration Of Service _____ Services Provided _____ _____

Certified Correct this _____ day of _____, _____ to the best of my knowledge and belief:
Signature
Name
Title

CHAPTER 5 - NOTES TO FINANCIAL STATEMENTS

GENERAL INSTRUCTIONS

The notes which follow are designed to illustrate the disclosures required for Category 2 local governments. The SAMPLE TEXT pages contain the most common version of a note, the one that your government is most likely to use. The NOTES TO PREPARER pages contain instructions and comments on the SAMPLE TEXT. Your notes must reflect your accounting policies and must include disclosure in the areas listed as they relate to your entity's financial position.

DELETE THE NOTES THAT DO NOT APPLY AND ADD OTHERS THAT ARE NEEDED TO HELP A READER UNDERSTAND YOUR LOCAL GOVERNMENT'S FINANCIAL STATEMENTS.

Once you have compiled these notes so that they provide the necessary information about your government attach them immediately behind your financial statements.

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SAMPLE TEXT LINE NO.	NOTES TO PREPARER
8	For "type of government" describe the legal formation of your government, such as "second-class city with a mayor-council form of government."
9	For "major types of services," summarize the functions that your government performs, such as: "Public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. In addition, the (city/county/district) owns and operates a sewer system."
20-46	Eliminate labels and descriptions of any funds that your government does not use.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The (city/county/district) uses the revenue and expenditure classifications contained in the *Budgeting, Accounting and Reporting System* (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The (official name of the government) was incorporated on (date) and operates under the laws of the state of Washington applicable to a (type of government). The (city/county/district) is a general purpose government and provides (list major types of services). The (city/county/district) uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the (city/county/district) 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 comprises its cash, investments, revenues and expenditures, as appropriate. The (city/county/district)'s resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the (city/county/district):

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the (city/county/district). It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the (city/county/district).

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

1-26 Eliminate labels and descriptions of any funds that your government does not use.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the (city/county/district) on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the (city/county/district) in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that (city/county/district) holds for others in an agency capacity.

b. Basis Of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

3	List the fund categories for which your government adopts budgets.
6-7	If you adopt budgets on level other than fund, list the funds and describe the level.
8	E.g., general, special revenue, etc.
11	Indicate a person or position authorized.
11-14	If there were material budget transfers or amendments during the fiscal period, identify the dollar impact on the affected fund(s).
25-26	If your government deposits are not entirely insured, disclose the amount that is uncollateralized.
31	If your government has used, held, or sold any derivatives or similar instruments during the period covered by the financial statements, disclose the nature of transactions, reason for entering into transaction, and exposure to credit risk, market risk, and legal risk. Derivatives are generally defined as contracts whose value depends on, or *derives* from, the value of an underlying asset, reference date, or index. For more information see GASB Technical Bulletin *Disclosures about Derivatives and Similar Debt and Investment Transactions*.

c. Budgets

(Annual/biennial) appropriated budgets are adopted for _____ funds. The financial statements include budgetary comparisons for those funds.

(Annual/biennial) appropriated budgets are adopted at the fund level (except the general (current expense) fund, where budgets are adopted at the department level). The budgets constitute the legal authority for expenditures at that level. (Annual/biennial) appropriations for _____ funds lapse at the fiscal period end.

The _____ is authorized to transfer budgeted amounts between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the (city/county/district)'s legislative body.

d. Cash

It is the (city/county/district)'s policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is (prorated to the various funds/posted to the general (current expense) fund).

e. Deposits

The (city/county/district) deposits and certificates of deposit are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

f. Investments See Note (Investment Note No.)

g. Derivatives And Similar Transactions

(No SAMPLE TEXT is provided because the circumstances are unique in each case. See Notes to Preparer.)

19 Describe the type(s) of "Other Financing Sources or Uses." For example:

Transfers-in
Transfers-out
Special assessment bonds proceeds
Proceeds from refunding bonds
Capital leases, etc.

20 Indicate whether you individually self-insure, individually purchase commercial insurance policies, participate as a member of a joint insurance pool, or use a combination of the above. Provide a sufficient amount of information (e.g., the type of coverages, type of funds to account for risk management activities, the expected annual claims, name of insurer, amount deductible, etc.) to inform the reader of your financial statements about the risk management activities of your entity. If your government is a member of a public entity risk pool, disclose where the reader can obtain the risk pool's financial statements.

h. Capital Assets

Capital assets are long-lived assets of the (city/county/district) and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave may be accumulated up to _____ days and is payable upon separation or retirement.

Sick leave may be accumulated (indefinitely or up to _____ hours). Upon separation or retirement employees (do or do not) receive payment for unused sick leave.

j. Long-Term Debt See Note (Long-Term Debt Note No.)

k. Other Financing Sources Or Uses

The (city/county/district)'s "Other Financing Sources or Uses" consist of _____.

l. Risk Management

(No SAMPLE TEXT is provided because the circumstances are unique in each case. See Notes to Preparer.)

SAMPLE TEXT LINE NO.	NOTES TO PREPARER
3	Disclose any material legal or contractual violations and steps taken to resolve them. If there are major lawsuits pending against your government or material disputed contracts, specific disclosure of the issues and the present status of each case (including the range of possible loss, if estimable) is required. For an outstanding amount of claims and judgments see the accompanying Schedule of Long-Term Debt (09).
5	If government's expenditures exceed appropriations or there is a deficit in fund balance, disclose the fund (department/program), amount, and reason.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the (city/county/district) .

3-4 If your investments are uninsured, unregistered and held by the counterpart's trust department or agency in your government's name, disclose the circumstances.

NOTE 3 - INVESTMENTS

The _(city/county/district)'s_ investments are either insured, registered or held by the _(city/county/district)_ or its agent in the _(city/county/district)'s_ name.

Investments by type at December 31, ___ are as follows:

Type of Investment	Balance
L.G.I.P.	$_____
U.S. Government Securities	_____
Other:_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	$_____

If your government has any special levies, they should be disclosed separately. For example:

> In 20___, the ___(city/county/district)___ levied also $_____ per $1,000 for __(give purpose)__ for a total additional levy of $_____.

Counties should add the following paragraph and should supplement the note with disclosure of any "diverted road levy" as authorized by RCW 84.52.043(1)(d).

> The county is also authorized to levy $2.25 per $1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy for 20___ was $_____ per $1,000 on an assessed valuation of $_____ for a total road levy of $_____.

NOTE 4 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed (at/after) the end of each month.

Property tax revenues are recognized when cash is received by __(city/county/district)__. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The __(city/county/district)'s__ regular levy for the year 20____ was $_____ per $1,000 on an assessed valuation of $_____ for a total regular levy of $_____.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 20___:

Borrowing Fund	Lending Fund	Balance 1/1/20	New Loans	Repayments	Balance 12/31/20
		$_____	$_____	$_____	$_____
		_____	_____	_____	_____
	TOTALS	$_____	$_____	$_____	$_____

NOTE 6 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the (city/county/district) and summarizes the (city/county/district)'s debt transactions for (fiscal year). The debt service requirements, including interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
20____	$	$	$	$
20____				
20____				
20____				
20____				
Thereafter	_____	_____	_____	_____
TOTALS	$_____	$_____	$_____	$_____

If the government administers its own pension system, include the following:

Local Government Pension System

The __(city/county/district)__ is also the administrator of a pension retirement system called _____. The system is shown as a trust fund in the financial statements of the __(city/county/district)__. As of __(date)__, there were a total of ____ individuals covered by this system of which ____ were currently still employed and ____ were drawing benefits.

The most recent actuarial review of the system was done by __(name of firm)__ to determine the funding requirements as of __(date of actuarial study)__. As of this date, the market value of assets was $_____ and the actuarial present value of future benefits was $_____ leaving an unfunded pension benefit obligation of $_____.

NOTE 7 - PENSION PLANS

Substantially all (city/county/district) full-time and qualifying part-time employees participate in (list the type(s) of plan(s)) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the (city/county/district)'s financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Disclose any additional information that your government believes may be important to the user of its financial statements, for example:

- Corrections of material errors in previous years.
- Transactions with closely affiliated entity or government's own officials or employees.
- Extraordinary events – unusual and infrequent events which impact government's financial position.
- Subsequent events – e.g., issuance of new debt or other event(s) which may impact your government and occurred after the date of financial statements.
- Participation in joint ventures, etc.

OTHER DISCLOSURES

(See Notes to Preparer)

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.

ACCOUNTABILITY (ACCOUNTABLE). The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used.

ACCOUNTING PERIOD. A period at the end of which and for which financial statements are prepared. See also FISCAL PERIOD.

ACCOUNTING SYSTEM. The total structure of records and procedures designed to discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds or organizational components. See INTERNAL CONTROL.

ACCOUNTS RECEIVABLE (COURTS). Financial obligations owing on a superior court Legal Financial Obligation (LFO) or courts of limited jurisdiction costs, fines, penalties, and restitution.

ACCRUAL BASIS. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

ACCRUED EXPENSES. Expenses incurred but not due until a later date.

ACCRUED PAYABLES. Liability accounts reflecting costs incurred but not due until a later date.

ACTIVITY. A specific and distinguishable line of work performed by one or more organizational units of a government for the purpose of accomplishing a function for which the government is responsible. For example, "food inspection" is an activity performed in the discharge of the "health" function. The element portion of the BARS account code classifies activities.

ADMINISTRATIVE CONTROL. See INTERNAL CONTROL.

ADVANCE REFUNDING BONDS. Bonds issued to refund an outstanding bond issue prior to the date on which the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited with a trustee, invested in U.S. Treasury Bonds or other authorized securities, and used to redeem the underlying bonds at maturity or call date and to pay interest on the bonds being refunded or the advance refunding bonds.

ADVERSE OPINION. An auditor's opinion stating that financial statements do not present fairly financial position, results of operations and (when applicable) cash flows in conformity with generally accepted accounting principles (GAAP).

AGENCY FUND. A fund used to account for assets held by a government as an agent for individuals, private organizations, other governments, and/or other funds; for example, taxes collected and held by a county for a fire district. The funds may be used for suspense, clearing, or custodial purposes. See the classification of funds in Part 3, Chapter 1.

AMORTIZATION. (1) Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts. (2) Provision for the extinguishment of a debt by means of a debt service fund.

ANNUAL BUDGET. A budget applicable to a single fiscal year. See also BUDGET and OPERATING BUDGET.

ANNUITY. A series of equal money payments made at equal intervals during a designated period of time.

ANNUITY, AMOUNT OF. The total amount of money accumulated or paid during an annuity period. This total includes compound interest at a designated rate.

ANNUITY PERIOD. The designated length of time during which the amount of an annuity is accumulated or paid.

APPRAISE. To make an estimate of value, particularly of the value of property. If the property is valued for purposes of taxation, the less-inclusive term "assess" is substituted for this term.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

APPROPRIATION BALANCE. See UNENCUMBERED APPROPRIATION and UNEXPENDED APPROPRIATION.

APPROPRIATION EXPENDITURE. An expenditure chargeable to an appropriation. Since virtually all expenditures of governments are chargeable to appropriations, the term EXPENDITURES by itself is widely and properly used.

APPROPRIATION LEDGER. A subsidiary ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the net balance, and other related information.

APPROPRIATION ORDINANCE OR RESOLUTION. An ordinance or resolution by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual operating budget is enacted into law by the legislative body.

ASSESS. To value property officially for the purpose of 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 purposes of taxation. (2) The valuation placed upon property as a result of this process.

ASSESSMENT (COURTS). A monetary amount imposed by the court for a law violation.

ASSESSMENT ROLL. In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner are also usually shown. In the case of personal property, the assessment roll is the official list containing the name and address of the owner, a description of the personal property, and its assessed value.

ASSETS. Resources owned or held by a government which have monetary value.

AUDIT. An examination to determine the accuracy and validity of records and reports or the conformity of procedures with established policies. See INTERNAL AUDIT, INDEPENDENT AUDIT, FINANCIAL AND COMPLIANCE AUDIT, PROGRAM COMPLIANCE AUDIT, SINGLE AUDIT, PERFORMANCE AUDIT, PRE-AUDIT, and POST-AUDIT.

AUDIT PROGRAM. A detailed outline of work to be done and procedures to be followed in any given audit.

AUDIT REPORT. The report by an auditor furnished at the conclusion of internal audits, independent audits, and investigations. As a rule, the report would include: (1) a statement of the scope of the audit; (2) explanatory comments or findings (if any) concerning exceptions by the auditor; (3) opinions; (4) financial statements and schedules; and (5) sometimes statistical tables, supplementary comments, and recommendations.

AUDITED VOUCHER. A voucher which has been examined and approved for payment.

AUDITOR'S OPINION. A statement signed by an auditor in which he or she states that he or she has examined the financial statements in accordance with generally accepted auditing standards (with exceptions, if any) and in which he or she expresses an opinion on the financial position and results of operations of some or all of the funds and account groups of the government as appropriate. See UNQUALIFIED OPINION, QUALIFIED OPINION and ADVERSE OPINION.

AUTHORITY. A government or public agency created to perform a single function or a restricted group of related activities. Usually such units are financed from service charges, fees, and tolls, but in some instances they also have taxing powers. An authority may be completely independent of other governments or partially dependent upon other governments for its creation, its financing, or the exercise of certain powers.

BAIL (COURTS). An amount of money determined by the judge and posted with the courts as security to ensure the defendant's appearance in court at a specific time.

BALANCE SHEET. The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS. The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

BETTERMENT. An addition made to, or change made in, a fixed asset which is expected to prolong its life or to increase its efficiency over and above that arising from maintenance. The cost of a betterment is added to the book value of the asset. The term is sometimes applied to sidewalks, sewers, and highways, but it is preferable to designate these as IMPROVEMENTS. See also INFRASTRUCTURE.

BLENDING (BLENDED). The method of reporting the financial data of a component unit that presents the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government.

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. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

BOND ANTICIPATION NOTE. Short-term interest-bearing note issued by a government in anticipation of bond proceeds to be received at a later date. The note is retired from proceeds of the bonds to which it is related.

BOND (COURTS). An agreement by a party or third party to pay a certain sum of money if the defendant fails to appear in court.

BOND DISCOUNT. The excess of the face value of a bond over the price for which it is sold or acquired. The price does not include accrued interest at the date of sale or acquisition.

BOND FUND. A fund formerly used to account for the proceeds of general obligation bond issues. See CAPITAL PROJECTS FUND or DEBT SERVICE FUND.

BOND ORDINANCE OR RESOLUTION. An ordinance or resolution authorizing a bond issue.

BOND PREMIUM. The excess of the price at which a bond is sold or acquired over its face value. The price does not include accrued interest at the date of sale or acquisition.

BONDED DEBT. That portion of indebtedness represented by outstanding bonds.

BONDS AUTHORIZED AND UNISSUED. Bonds which have been legally authorized but not issued and which can be issued and sold without further authorization. This term must not be confused with the term "legal debt margin," which represents the difference between the legal debt limit of a government and the debt outstanding against it.

BONDS ISSUED. Bonds sold.

BOOKS OF ORIGINAL ENTRY. The record in which the various transactions are formally recorded for the first time, such as the cash journal, warrant register, or general journal. Where electronic bookkeeping methods are used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry.

BOOK VALUE. Value as shown by books of account. In the case of assets which are subject to reduction by valuation allowances such as depreciation, "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 after their deduction. In the absence of any modifier, however, the term "book value" means "net book value."

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 body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body. See ANNUAL BUDGET, CAPITAL BUDGET, CAPITAL PROGRAM, OPERATING BUDGET.

BUDGET DOCUMENT. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years' actual revenues, expenditures, and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

BUDGET MESSAGE. A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

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 CONTROL. The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

BUDGETARY EXPENDITURES. Same as EXPENDITURES.

CALLABLE BOND. A type of bond which 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. Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL BUDGET. A plan of proposed capital outlays and the means of financing them. See CAPITAL PROGRAM.

CAPITAL EXPENDITURES. See CAPITAL OUTLAYS.

CAPITAL GRANTS. External grants which are restricted by the grantor for the acquisition and/or construction of capital assets. Although the concept applies to all funds, the classification is used only in proprietary funds. See OPERATING GRANTS.

CAPITAL IMPROVEMENT PROGRAM. See CAPITAL PROGRAM.

CAPITAL OUTLAYS. Expenditures which result in the acquisition of or addition to capital assets.

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 otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

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 or fiduciary funds).

CAPITAL RESOURCES. Resources of a fixed or permanent character, such as land and buildings, which cannot ordinarily be used to meet current expenditures.

CASH. An asset account reflecting 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. All cash must be accounted for as a part of the fund to which it belongs. Any restrictions or limitations as to its availability must be indicated in the records and statements. It is not necessary, however, to have a separate bank account for each fund unless required by law.

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 is completed within a stated period of time. This term is not to be confused with TRADE DISCOUNT.

CASH EQUIVALENT. Short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

CHARACTER CLASSIFICATION. Expenditure classification according to the time periods expenditures are presumed to benefit. The four groupings are: (1) current operating expenditures, presumed to benefit the current fiscal period; (2) debt service, presumed to benefit prior fiscal periods primarily, but also present and future periods; (3) capital outlays presumed to benefit the current and future fiscal periods; and (4) intergovernmental, where one government purchases from another government services not normally available from outside sources. See account definitions of objects in Part 1, Chapter 4.

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. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

CLASSIFIED. This term means all proprietary operations which use double entry full-accrual accounting systems which measure revenue and expense, including depreciation. Examples of classified proprietary accounting systems are NARUC Water, MFOA Airports, SAO Ports, etc. See PROPRIETARY FUNDS.

CLEARING ACCOUNT. An account used to accumulate charges or credits that are to be allocated to other accounts later, or to accumulate a net difference for transfer to another account.

CLEARING FUND. See AGENCY FUND.

CODING. A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. The BARS numbers are an example of the coding of accounts. Other examples are the numbering of monthly recurring journal entries to indicate the month and the nature of the entry and the numbering of invoices or vouchers so that the number reveals the date of entry.

COMMITMENTS. See ENCUMBRANCES.

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 when used. This method does not conform to most budget laws in Washington State. See PURCHASES METHOD.

CONTINGENT LIABILITIES. 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. All contingent liabilities should be disclosed within the basic financial statements, including the notes thereto.

CONTINUING APPROPRIATION. An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked or expended.

CONTRIBUTION (COURTS). Payment required by the court to be paid to an established fund, i.e., interlocal drug fund.

CORRECTION OF ERRORS. See REFUND and INTERFUND TRANSACTIONS.

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.

COSTS (COURTS). Expenses incurred by the government in prosecuting a defendant. Costs, in criminal cases, may be imposed only on a convicted defendant and cannot include expenses inherent in providing a constitutionally guaranteed jury trial or expenditures in connection with the maintenance and operation of government agencies that must be made by the public irrespective of specific violations of law. In criminal cases, appropriate costs include: jury demand, witness, public defense, sheriff's service, court interpreter, collection agency, and appellate costs. Costs in civil cases include an amount of money payable to the prevailing party by the losing party for the expense of prosecuting or defending the action; sometimes includes attorney's fees.

COUPON RATE. The interest rate specified on interest coupons attached to a bond, also called the nominal interest rate.

COVERAGE. The ratio of net revenue available for debt service to the average annual debt service requirements of an issue of revenue bonds. See NET REVENUES AVAILABLE FOR DEBT SERVICE.

CURRENT. A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually connotates items likely to be used up or converted into cash within one year.

CURRENT EXPENSE FUND. See GENERAL FUND.

CURRENT RESOURCES. Resources which can be used to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and in the case of certain funds, bonds authorized and unissued.

CUSTOMER DEPOSITS. A liability account used in an enterprise fund to reflect deposits made by customers as a prerequisite to receiving services and/or goods provided by the fund.

DAY LABOR. Use of a government's own personnel to construct or maintain its capital assets. Also called "force account."

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, registered warrants, notes, contracts and accounts payable. See BOND, NOTE PAYABLE, REGISTERED WARRANT, LONG-TERM DEBT, GENERAL LONG-TERM DEBT, and REVENUE BONDS.

DEBT LIMIT. The maximum amount of gross or net debt which is legally permitted.

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. Formerly called a sinking fund.

DEBT SERVICE REQUIREMENT. The amount of money required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate monies for future retirement of term bonds.

DEFEASANCE. The legal release of a debtor from being the primary obligor under the debt, either by the courts or by the creditor. Also referred to as a legal defeasance. See IN-SUBSTANCE DEFEASANCE.

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.

DEFERRED SPECIAL ASSESSMENTS. Special assessments which have been levied but which are not due within one year.

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 income during an accounting period.

DELINQUENT SPECIAL ASSESSMENTS. Special assessments remaining unpaid on and after the date on which a penalty for nonpayment is attached.

DEPARTMENT. See ORGANIZATION UNIT CLASSIFICATION.

DELINQUENT TAXES. Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached. 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 abated, cancelled, paid, or converted into tax liens.

DEPLETION. (1) The reduction in quantity of a natural resource (wasting asset), such as coal, standing timber, or a rock quarry. (2) The portion of the cost of a wasting asset which is charged as an expense during a particular period. See AMORTIZATION, DEPRECIATION and WASTING ASSETS.

DEPOSIT. (1) Money or securities placed with a bank or other institution or with a person such as the county treasurer either as a general deposit subject to withdrawal by check or as a special deposit made for some specified purpose. (2) Sums deposited by customers for electric meters, water meters, etc., and by contractors and others to accompany and guarantee their bids.

DEPOSITARY. A person/entity entrusted with the safekeeping and depositing of assets.

DEPOSITORY. A place where assets are deposited for safekeeping. (NOTE: The BARS manual makes the distinction between the terms depositary and depository. However, the RCWs and certain publications use these terms interchangeably. Where we use depository, the RCWs use depositary.) (See Part 3, Chapter 6, Section A.)

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets. (2) The portion of the cost of a capital asset other than a wasting asset which is 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. See DEPLETION and AMORTIZATION.

DIRECT CHARGES. See DIRECT EXPENSES.

DIRECT COSTS. See DIRECT EXPENSES.

DIRECT DEBT. The debt which a government has incurred in its own name or assumed through the annexation of territory or consolidation with another government. See OVERLAPPING DEBT.

DIRECT EXPENSES. Those expenses which can be charged directly as a part of the cost of a product, service, department, operating unit or activity, as distinguished from indirect costs (called “overhead”) which must be prorated among several products, services, departments, operating units or activities. See OVERHEAD.

DISBURSEMENTS. Payments in cash.

DISCLAIMER OF OPINION. A report stating that the auditor does not express an opinion on the financial statements. The disclaimer of opinion is appropriate when the auditor is not able to perform an examination sufficient in scope to enable him/her to form an opinion on the financial statements.

DOUBLE ENTRY. A system of bookkeeping which requires an entry to the debit side of an account or accounts for the corresponding amount or amounts of the entry to the credit side of another account or accounts.

EARNINGS. See INCOME.

EFFECTIVE INTEREST RATE. The rate of earning on an investment based on the actual price paid in contrast with the nominal interest rate. See PRESENT VALUE.

ELEMENT. The fourth digit of all BARS account numbers. See FUNCTION, ACTIVITY, and SOURCE.

ENCUMBRANCES. Commitments for unperformed (executory) contracts for goods or services.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

ENTITLEMENT. The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

EQUITY ACCOUNTS. Those accounts showing the excess of assets over liabilities in the fund.

EQUITY INTEREST. A financial interest in a joint venture evidenced by the ownership of shares of the joint venture's stock or by otherwise having an explicit, measurable right to the net resources of the joint venture that is usually based on an investment of financial or capital resources by a participating government.

EXAMINATION. See AUDIT.

EXPENDITURES. Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs which require the use of current assets.

The difference between an expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays (the flow of current resources) while expenses measure total costs (total resources used; also known as capital maintenance). For example, purchases of capital assets (buildings and equipment) and of inventories are expenditures at the date of purchase, because they cause the outflow or the tie-up of current assets. They are not expenses, however, until they are used or used up, because they are still a resource until consumed. Another example is depreciation, which is not an expenditure because no current assets are used when depreciation is incurred, but which is an expense because it allocates the total cost as the depreciable fixed asset is used. See MODIFIED ACCRUAL BASIS and MEASUREMENT FOCUS.

EXPENSES. Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures. See EXPENDITURES.

FACE VALUE. As applied to securities, this term designates the amount of liability stated in the security document.

FEE (COURTS). A charge established by law for certain services or privileges, such as a copying fee.

FIDELITY BOND. Insurance against losses from theft, defalcation, and misappropriation of public monies by government officers and employees.

FIDUCIARY FUNDS. Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FILING FEE (COURTS). A charge specified in statute for filing an initial document in a case.

FINANCIAL ACCOUNTABILITY (FINANCIALLY ACCOUNTABLE). The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

FINANCIAL AND COMPLIANCE AUDIT. An examination leading to the expression of an opinion on (1) the fairness of presentation of the audited entity's basic financial statements in conformity with GAAP and (2) the audited entity's compliance with the various finance-related legal and contractual provisions used to assure acceptable governmental organizational performance and effective management stewardship.

FINANCIAL BENEFIT. Legal entitlement to, or the ability to otherwise access, the resources of an organization.

FINANCIAL BURDEN. An obligation, legal or otherwise, to finance the deficits of, or provide financial support to, an organization; or an obligation in some manner or the debt of an organization.

FINANCIAL REPORTING ENTITY. A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

FINANCIAL STATEMENTS. See BASIC FINANCIAL STATEMENTS.

FINE (COURTS). A monetary judgment, commonly imposed as a result of conviction for crimes or imposed by the court in a civil case for noncompliance with a court order.

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FISCAL PERIOD. Any period at the end of which a government determines its financial position and results of its operations. See ACCOUNTING PERIOD.

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 results of its operations.

FISCALLY INDEPENDENT/FISCALLY DEPENDENT GOVERNMENT. A government is fiscally independent if it can (a) determine its budget without another government having the substantive authority to approve and modify that budget, (b) levy taxes or set rates or charges without substantive approval by another government, and (c) issue bonded debt without substantive approval by another government. A government is fiscally dependent if it is unable to complete one or more of these procedures without the substantive approval of another government.

FIXTURES. Attachments to buildings which are not intended to be removed and which 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-THROUGH. See PASS-THROUGH RESOURCES.

FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. The measurement focus applied to governmental funds. Under it, only current assets and current liabilities are generally reported on their balance sheets, and their operating statements present “financial flow” information (revenues and expenditures). See MODIFIED ACCRUAL BASIS.

FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS. The measurement focus applied to proprietary funds, and fiduciary funds. All assets and all liabilities whether current or noncurrent are reported on their balance sheets, and their operating statements present “capital maintenance” information (revenues and expenses).

FORCE ACCOUNT. See DAY LABOR.

FORFEITURE (COURTS). A penalty by which one loses rights and interest in property, whether because of commission of an offense or because of nonperformance of some obligation or duty.

FORMAL BUDGETARY INTEGRATION. The management control technique through which the annual operating budget is recorded in the general ledger through the use of budgetary accounts. It is intended to facilitate control over revenues and expenditures during the year.

FRANCHISE. A special privilege granted by a government permitting a monopoly or the continuing use of public property, such as city streets.

FULL FAITH AND CREDIT. A pledge of the general taxing power of a government for the payment of debt obligations. Bonds carrying such pledges are referred to as general obligation bonds.

FUNCTION. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. For example, public health is a function. BARS accounts for functions at the Basub level. See SUBFUNCTION.

FUND. 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.

FUND ACCOUNTS. All accounts necessary to set forth the financial position and results of operations of a fund.

FUND BALANCE. The fund equity of governmental funds.

FUNDED DEBT. Same as BONDED DEBT, which is the preferred term.

FUND TYPE. One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FUND SURPLUS. See FUND BALANCE. The use of the term "surplus" in governmental accounting is generally discouraged because it creates a potential for misleading inference.

GAAP. See GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

GAAS. See GENERALLY ACCEPTED AUDITING STANDARDS.

GENERAL FUND. The fund used to account for all financial resources except those required to be accounted for in another fund.

GENERAL JOURNAL. A journal in which are entered all entries not recorded in special journals. See JOURNAL and SPECIAL JOURNAL.

GENERAL LEDGER. A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal. Therefore, the debit balances equal the credit balances. See SUBSIDIARY LEDGER, CONTROL ACCOUNT, and SUBSIDIARY ACCOUNT.

GENERAL LONG-TERM DEBT. Long-term debt expected to be repaid from governmental funds. This includes special assessment debt for which the government is obligated in some manner, as defined in GASB Statement 6. See LONG-TERM DEBT.

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 the Governmental Accounting Standards Board.

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS). Measures of the quality of the performance of auditing procedures and the objectives to be attained through their use. They are concerned with the auditor's professional qualities and with the judgment exercised in the performance of an audit. Generally accepted auditing standards have been prescribed by (1) the American Institute of Certified Public Accountants (AICPA) and (2) the U.S. General Accounting Office (GAO) in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (the "Yellow Book").

GENERAL OBLIGATION BONDS. Bonds for the payment of which the full faith and credit of the issuing government are pledged.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The authoritative accounting and financial reporting standard-setting body for government entities.

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANTS. External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility. See also CAPITAL GRANTS, OPERATING GRANTS, and PASS-THROUGH RESOURCES.

GROUPED ASSETS. Very similar assets acquired at the same time that are treated as a single asset for depreciation purposes. Any gain or loss is deferred until the entire group has been retired. When a single asset is retired from the group its cost is removed from the asset account and sufficient amounts are removed from the *Accumulated Depreciation* account so that there is no gain or loss recognized.

IMPACT FEES. Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, sidewalks).

IMPREST CASH ACCOUNT. An account into which a fixed amount of money or cash equivalent is placed for the purpose of making change or minor disbursements. Advance travel and similar checking accounts and stamp funds are included in this category. See PETTY CASH and prescribed procedures in Part 3, Chapter 3, Section C.

IMPOSITION OF WILL (IMPOSE ITS WILL). The ability to significantly influence the programs, projects, activities, or level of services performed or provided by an organization.

IMPROVEMENTS. Buildings, other structures, and other attachments or annexations to land which 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 "betterments," but the term "improvements" is preferred. See also INFRASTRUCTURE.

INCOME. A term in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses. See OPERATING INCOME, and NET INCOME.

INDEPENDENT AUDIT. An audit performed by an independent auditor.

INDIRECT COSTS. See OVERHEAD.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

IN-SUBSTANCE DEFEASANCE. An advance refunding in which the government is not legally released from being the primary obligor on the refunded bonds, but the possibility of the government having to make additional payments is considered remote. See ADVANCE REFUNDING BONDS.

INTERFUND ACCOUNTS. Accounts in which transfers between funds are reflected. See INTERFUND TRANSACTIONS.

INTERFUND LOANS. See INTERFUND TRANSACTIONS.

INTERFUND TRANSACTIONS. There are four kinds of transactions between funds. All exchanges that involve more than one fund fall into one of the following:

1. Interfund Loans. These are temporary borrowings of cash or other assets. Loan transactions do not affect the operating statements. (The interest payments are quasi-external transactions.) See accounting procedures in Part 3, Chapter 4, Section A.

2. Quasi-External Transactions. These transactions are equivalent to either:

    a. Buying goods or services from an outside vendor; or

    b. Payments in lieu of property, business, or excise taxes by a proprietary fund as though it were a private business; or

    c. Transfers into another fund type from an agency fund used as a suspense fund.

Quasi-external transactions are shown as revenues (see BARS accounts 317, 329, 348-349, and 365-366) and as expenditures or expenses. Examples include equipment rental billings to general fund departments, charges by the general fund for engineering or inspection services provided to the street or parks fund, employer contributions to a municipal pension fund, payments in lieu of B&O taxes by a utility fund to the general fund, and distribution of taxes from a forest suspense fund to the general fund.

3. Interfund Reimbursements. These transactions are repayments to a fund for expenditures or expenses which belong to another fund. For additional explanation, see the entry at REIMBURSEMENTS. The fund that reimburses should charge an expenditure or expense account. However, the fund that receives the reimbursement does not show the receipt as a revenue; instead its expenditure or expense is reduced. Examples include repayments to the general fund for SCAN or other utility charges when the general fund pays the entire bill and then allocates the costs to the other funds of the municipality; and payment by the water fund to the street fund for its portion of a shared employee's wages. Corrections of current period interfund errors are also treated as interfund reimbursements. Corrections of prior period interfund errors are charged or credited directly to unreserved fund balance. Examples include reimbursement to the parks fund for a bill it paid that should have been paid out of the human services fund, return of cash to the general fund for a cancelled warrant in the claims (agency) fund, correction of the allocation of tax revenues between the road fund and general fund.

4. Interfund Transfers. All other interfund transactions are transfers.

INTERGOVERNMENTAL REVENUES. Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

INTERIM BORROWING. Short-term loans to be repaid from general revenues during the course of a fiscal year.

INTERIM FINANCIAL STATEMENT. A financial statement prepared before the end of the current fiscal year and covering only financial transactions during the current year to date.

INTERNAL AUDIT. An appraisal activity within an organization for the review of operations as a service to management. It is a managerial control which functions by measuring and evaluating the effectiveness of other controls.

INTERNAL CONTROL. Internal control comprises the plan of organization, and all of the coordinate methods and measures adopted within a government to accomplish its objectives.

Administrative control includes, but is not limited to, the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of the government and is the starting point for establishing accounting control of transactions.

Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

a. Transactions are executed in accordance with management's general or specific authorization.

b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.

c. Access to assets is permitted only in accordance with management's authorization.

d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The foregoing definitions are not necessarily mutually exclusive because some of the procedures and records comprehended in accounting control may also be involved in administrative control. See Part 3, Chapter 1, for internal control requirements.

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 on a cost-reimbursement basis. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

INTRAGOVERNMENTAL SERVICE FUND. See INTERNAL SERVICE FUND.

INVENTORY. A detailed list showing quantities, descriptions, and values of property and, frequently, units of measure and unit prices.

INVESTMENTS. Assets held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include capital assets used in governmental operations.

JOINT VENTURE. A legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

JOINTLY GOVERNED ORGANIZATIONS. A regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

JOURNAL. A book of original entry. Journals provide a chronological history of financial transactions and a systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts. See GENERAL JOURNAL, SPECIAL JOURNAL, and REGISTER.

JOURNAL VOUCHER. A voucher 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.

LAPSE. As applied to appropriations, this term denotes the automatic termination of an appropriation. Except for 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 by law.

LEASEHOLD. The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.

LEASE-PURCHASE AGREEMENTS. Contractual agreements which are termed "leases," but which in substance amount to purchase contracts.

LEDGER. A group of accounts in which are recorded the financial transactions of an entity. See GENERAL LEDGER and SUBSIDIARY LEDGER.

LEGAL DEBT LIMIT. See DEBT LIMIT.

LEGAL FINANCIAL OBLIGATION (LFO) (COURTS). A sum of money that is ordered by a superior court which may include restitution, crime victims' compensation, courts costs, county or interlocal drug funds, court appointed attorneys' fees, and costs of defense, fines, and any other obligation that is assessed as a result of a felony conviction.

LEVY. (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

LIABILITIES. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

LOCAL IMPROVEMENT. See SPECIAL ASSESSMENT.

LONG-TERM DEBT. Debt with a maturity of more than one year after the date of issuance.

MAINTENANCE. Activities that ensure that the right-of-way and each type of roadway, roadway structure and facility remain, as nearly as practical, in its original, as constructed condition or its subsequent improved condition.

MEASUREMENT FOCUS. The accounting convention which determines (1) which assets and which liabilities are included on an entity's balance sheet and (2) whether its operating statement presents "financial flow" information (revenues and expenditures) or "capital maintenance" information (revenues and expenses). See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS and FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred except for: (1) prepaid insurance and similar items which need not be reported; (2) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; and (3) principal and interest on long-term debt which are generally recognized when due. All governmental funds are accounted for using the modified accrual basis of accounting. See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.

MODIFIED CASH BASIS. Modified cash basis is the cash basis of accounting adjusted for Washington State statute. RCW 35.33.151 and RCW 35A.33.150 require cities to keep their books open in order to pay December bills by the following January 20. RCW 36.40.200 requires counties to keep their books open until January 30 in order to pay December bills and charge the prior-year budget.

MUNICIPAL BOND. A bond issued by a state or local government.

MUNICIPAL CORPORATION. A corporation established pursuant to state authorization for the purpose of providing governmental services and regulations for its inhabitants. A municipal corporation has defined boundaries and a population, and is usually organized with the consent of its residents. It usually has a seal and may sue and be sued. Cities and counties are examples of municipal corporations. See QUASI-MUNICIPAL CORPORATION and SPECIAL DISTRICT.

NET BOOK VALUE. See BOOK VALUE.

NET INCOME. Proprietary fund excess of operating revenues, nonoperating revenues, and transfers-in over operating expenses, nonoperating expenses, and transfers-out.

NET PROFIT. See NET INCOME.

NET REVENUES. See NET INCOME.

NET REVENUES AVAILABLE FOR DEBT SERVICE. Proprietary fund gross operating revenues less operating and maintenance expenses but exclusive of depreciation and bond interest. "Net revenue available for debt service" as thus defined is used to compute "coverage" on revenue bond issues. See COVERAGE. Under the provisions of some revenue bond indentures, "net revenues available for debt service" for computation of revenue bond coverage must be computed on a cash basis rather than in conformity with GAAP.

NOMINAL INTEREST RATE. The contractual interest rate shown on the face and in the body of a bond and representing the amount of interest to be paid, in contrast to the effective interest rate.

NONOPERATING EXPENSES. Proprietary fund expenses which are not directly related to the fund's primary service activities.

NONOPERATING INCOME. See NONOPERATING REVENUES.

NONOPERATING PROPERTIES. Properties which are owned by an enterprise fund but which are not used in the provision of the fund's primary service activities.

NONOPERATING REVENUES. Proprietary fund revenues which are incidental to, or by-products of, the fund's primary service activities.

NOTE PAYABLE. In general, an unconditional written promise signed by the maker to pay a certain sum in money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein. See TEMPORARY LOANS.

NOTE RECEIVABLE. An unconditional written promise, signed by the maker, to pay a certain sum in 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 reporting governmental unit as designated payee or by endorsement.

NOTES TO THE FINANCIAL STATEMENTS. The summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements of an entity in conformity with GAAP which are not included on the face of the basic financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

OBJECT. As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples are personal services, contractual services, and materials and supplies. See ACTIVITY, CHARACTER CLASSIFICATION, and FUNCTION.

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

OBSOLESCENCE. The decrease in the value of capital assets resulting from economic, social, technological, or legal changes.

OPERATING BUDGET. Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some state governments, the biennial 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 where not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government. See BUDGET.

OPERATING CAPACITY. The maximum performance, production, or services possible under the limiting conditions of existing physical plant, labor force, method of production, etc.

OPERATING EXPENSES. Proprietary fund expenses which are directly related to the fund's primary service activities.

OPERATING GRANTS. External grants which are restricted by the grantor to operating purposes or which may be used for either capital or operating purposes at the discretion of the grantee. Although the concept applies in all funds, the classification is used only in proprietary funds. See also CAPITAL GRANTS and PASS-THROUGH RESOURCES.

OPERATING INCOME. The excess of proprietary fund operating revenues over operating expenses.

OPERATING REVENUES. Proprietary fund revenues which are directly related to the fund's primary service activities. They consist primarily of user charges for services.

OPERATING SUBSIDY. See OPERATING GRANTS.

OPERATING TRANSFERS. See INTERFUND TRANSFERS.

OPTIONAL BOND. See CALLABLE BOND.

ORGANIZATION UNIT CLASSIFICATION. Expenditure classification according to responsibility centers within a government's organization structure. Classification of expenditures by organization unit is essential to fixing stewardship responsibility for individual government resources.

OTHER FINANCING SOURCES. Governmental fund general long-term debt proceeds, transfers-in, and material proceeds of capital asset dispositions. Such amounts are classified separately from revenues.

OTHER FINANCING USES. Governmental fund transfers-out. Such amounts are classified separately from expenditures.

OUTLAYS. Synonymous with EXPENDITURES. See CAPITAL OUTLAYS.

OVERHEAD. All costs other than direct costs. Specifically, those elements of cost necessary to produce an article or perform a service for which the amount applicable to the product or service cannot be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service such as rent, heat, light, supplies, management, supervision, etc.

OVERLAPPING DEBT. The proportionate share of the debts of other local governments located wholly or in part within the limits of the reporting government which must be borne by property within each 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) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction to total assessments receivable which will be used wholly or in part to pay off the debt. See DIRECT DEBT.

PASS-THROUGH RESOURCES. Resources that are received by a recipient government to transfer to or spend on behalf of a secondary recipient, government or otherwise, in accordance with legal or contractual provisions. See Part 3, Chapter 5, Section B for more information.

PAY-AS-YOU-GO BASIS. A term used to describe the financial policy of a government which finances all of its capital outlays from current revenues rather than by borrowing. A government which pays for some improvements from current revenues and others by borrowing is said to be on a partial or modified pay-as-you-go basis.

PENALTY (COURTS). Monetary amount imposed for commitment of an infraction.

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUND. A trust fund used to account for public employee retirement systems. Pension trust funds are accounted for in essentially the same manner as proprietary funds, but with an important expanded emphasis on required fund balance reserves.

PERFORMANCE AUDIT. Examinations intended to assess (1) the economy and efficiency of the audited entity's operations and (2) program effectiveness - the extent to which program objectives are being attained. Performance audits are sometimes also referred to as operational audits.

PERMANENT FUNDS. A governmental fund type used to report 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-that is, for the benefit of the government or its citizenry.

PERPETUAL INVENTORY. A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided as to provide a running record of goods ordered, received, and withdrawn, and the balance on hand, in units and frequently also in value.

PETTY CASH. A sum of money set aside on an imprest basis for the purpose of making change or paying small obligations for which the issuance of a formal voucher and warrant would be too expensive and time consuming. Petty cash accounts are sometimes referred to as petty cash "funds." However, they are not "funds" in the sense of governmental accounting's fund types. Petty cash accounts should be reported as assets of the fund of ownership. See IMPREST CASH ACCOUNT.

PETTY CASH VOUCHER. A voucher used to record individual disbursements of petty cash. See IMPREST CASH ACCOUNT.

POOLED ASSETS. Similar internal service fund assets that are grouped together for the purpose of setting a rate to charge users of the assets.

POST-AUDIT. An examination of financial transactions that have been consummated or those in various stages of completion at the end of an accounting period. See PRE-AUDIT.

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 prior to their completion.

PREPAID ITEMS. An asset account reflecting charges entered in the accounts for benefits not yet received. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold.

PRESERVATION. A specialized maintenance activities that serve to extend the originally estimated life of each type of roadway, roadway structure, and facility but do not increase its traffic flow capacity and efficiency.

PRESENT VALUE. The sum of future payments or receipts discounted to the current date at an appropriate rate of interest. Usually the present value can be considered equivalent to the cash price that would be paid for an item on delivery or the principal or face amount of an investment or debt exclusive of interest. However, when an item is purchased on credit and no interest rate is stated, or when an investment is bought or sold at a premium or discount, or when a debt is incurred and the cash proceeds are not the same as the face amount of the debt, computation of present value may be required. The rules and procedures are available in any current intermediate accounting text.

PRIMARY GOVERNMENT. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

PRIVATE-PURPOSE TRUST FUNDS. A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

PROGRAM COMPLIANCE AUDIT. An examination leading to the expression of an opinion on the degree of the audited entity's compliance with requirements imposed by intergovernmental grantors and the audited entity's eligibility for grant monies.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PUBLIC AUTHORITY. See AUTHORITY.

PUBLIC CORPORATION. See MUNICIPAL CORPORATION and QUASI-MUNICIPAL CORPORATION.

PURCHASE ORDER. A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

PURCHASES METHOD. The method under which inventories are recorded as expenditures when acquired. At the end of the fiscal period, inventories on hand are recorded as a balance sheet asset with an offset to a reserved fund balance account. See CONSUMPTION METHOD.

QUALIFIED OPINION. An auditor's opinion stating that "except for" the effect of the matter to which the qualification relates, the financial statements present fairly the financial position, results of operations and (when applicable) its cash flows in conformity with GAAP.

QUASI-EXTERNAL TRANSACTIONS. See INTERFUND TRANSACTIONS.

QUASI-MUNICIPAL CORPORATION. An agency established by the state primarily for the purpose of helping the state to carry out its functions. Some agencies ordinarily classified as quasi-municipal corporations have been granted the powers of municipal corporations by the state. See MUNICIPAL CORPORATION and SPECIAL DISTRICT.

RATE BASE. The value of utility property used in computing an authorized rate of return as authorized by law or a regulatory commission.

REBATES. See ABATEMENT or REFUND.

RECEIPTS. Cash received.

RECOUPMENT (COURTS). A recovery made from a convicted defendant for costs incurred by local government paid to third parties such as jurors, witnesses, interpreters, or attorneys.

RECOVERABLE EXPENDITURE. An expenditure made for or on behalf of another government, fund, or department, or for a private individual, firm, or corporation which will subsequently be recovered in cash or its equivalent. Such expenditures usually do not qualify for treatment as REIMBURSEMENTS.

REFUND. (Noun) The recovery of an item previously expensed or the repayment of an item previously recorded as revenue. Such refunds should be included in revenues, expenditures, or expenses of the current accounting period. (Verb) To pay back or allow credit for an amount because of an over-collection or because of the return of an object sold. Such charges or credits should be made to the account where the original transaction was recorded. (Verb) 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. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds. See ADVANCE REFUNDING BONDS.

REGISTER. A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required particulars. The form of registers varies from a one-column to a multi-columnar sheet of special design whereon the entries are distributed, summarized, and aggregated for convenient posting to the accounts. See JOURNAL.

REGISTERED WARRANT. A warrant which is registered by the paying officer for future payment due to a present lack of monies and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See WARRANT.

REIMBURSABLE EXPENDITURE. See RECOVERABLE EXPENDITURE.

REIMBURSEMENTS. Reimbursements are transactions that reduce expenditures or expenses in the fund that is reimbursed. These transactions include refunds of expenditures, internal prorations of costs, and payments received for others' share of pooled purchases.

There is one major exception to this definition: Frequently, internal service funds are created to account for cost prorations and purchasing. In those funds, cost prorations and payments for pooled purchases are treated as revenues rather than reimbursements.

Reimbursements do not include recoveries for damages, whether from insurance or from private sources, contractual payments from the state or from other local governments, or impact payments, or shared costs of providing services.

Examples of transactions that qualify as reimbursements include: The distribution of utility and telephone bills among the departments and funds of a government, after one department has paid the bill; similar allocations of insurance premiums and payrolls among various departments and funds; jury duty pay and disability pay returned to an employer; and rebates of part of an insurance premium.

Examples of transactions that should not be accounted for as reimbursements include: State payments for public health services, for expert witnesses, or for police salaries while attending criminal justice training; federal/state/interlocal payments for the care and custody of prisoners and for election costs; interlocal payments for data processing services, police/sheriff services, street maintenance, etc.; private payments for street repairs, culvert installations, weed control, demolition of dangerous property, etc., or payments received on subleases. See also INTERFUND TRANSACTIONS.

RELATED ORGANIZATION. An organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization's governing board.

REPORT OF EXAMINATION. See AUDIT REPORT.

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.

RESERVE. (1) An account used to segregate a portion of fund balance to indicate that it is not available for expenditure; and (2) an account used to segregate a portion of fund equity as legally set aside for a specific future use.

RESERVE FOR UNCOLLECTED TAXES. This use of the term "reserve" is no longer acceptable under NCGA Statement 1. See DEFERRED REVENUES.

RESTITUTION (COURTS). A monetary amount ordered paid to a third party for loss or damage.

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.

RETIREMENT FUND. See PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUND.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVENUE ANTICIPATION NOTE. Short-term, interest-bearing note issued by a government in anticipation of revenues to be received at a later date. The note is retired from the revenues to which it is related.

REVOLVING FUND. (1) An internal service fund. (2) An imprest account which is accounted for as an asset of a fund.

SANCTION (COURTS). A monetary amount imposed by the court for noncompliance, usually imposed on the attorney rather than the party - not part of a judgment.

SCHEDULES. See SUPPORTING SCHEDULES.

SECURITIES. Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments. See INVESTMENTS.

SEGMENT. An identifiable activity (or grouping of activities) required to be accounted for separately which is reported as or within an enterprise fund or an other stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments (such as certificates of participation) are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified.

SELF-SUPPORTING or LIQUIDATING DEBT. Debt obligations whose principal and interest are payable solely from the earnings of the enterprise for the construction or improvement of which they were originally issued. See REVENUE BONDS.

SERIAL BONDS. Bonds whose principal is repaid in periodic installments over the life of the issue.

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.

SHARED TAXES. See SHARED REVENUES.

SHORT-TERM DEBT. Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes contracts and accounts payable, bond anticipation notes, and interim warrants.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

SINKING FUND. See DEBT SERVICE FUND.

SOURCE. The origin of revenues, not necessarily the payor.

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

SPECIAL ASSESSMENT BONDS. Bonds payable from the proceeds of special assessments. These bonds are payable only from the collections of special assessments, and occur in Local Improvement Districts (LIDs) and Road Improvement Districts (RIDs).

SPECIAL ASSESSMENT LIENS RECEIVABLE. Claims which a government has upon properties until special assessments levied against them have been paid. The term normally applies to those delinquent special assessments for the collection of which legal action has been taken through the filing of claims.

SPECIAL ASSESSMENT ROLL. The official list showing the amount of special assessments levied against each property presumed to be benefited by an improvement or service.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single governmental 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, school districts, transit authorities, port authorities, public utility districts, and irrigation districts.

SPECIAL JOURNAL. A journal containing all entries of a particular type. Examples include cash receipts journals, cash disbursement journals, purchases journals, etc. See JOURNAL and GENERAL JOURNAL.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Under NCGA Statement 1, the use of special revenue funds is required only when legally mandated.

SPENDING MEASUREMENT FOCUS. See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.

STATE-COLLECTED LOCALLY SHARED TAX. See SHARED REVENUES.

STATEMENTS. See BASIC FINANCIAL STATEMENTS.

SUBFUNCTION. A grouping of related activities within a particular governmental function. For example, "police" is a subfunction of the function "public safety."

SUBOBJECT. The seventh digit of all BARS account numbers. The number assigned to identify revenues and expenditures/expenses according to the character and the type of items purchased/sold or services obtained/rendered.

SUBRECIPIENT. An entity that is a secondary or ultimate recipient of federal (grantor) financial assistance. These federal funds are distributed, under contract, by a state or local government (grantee) to the secondary recipient and are used by it in order to carry out federal assistance programs. (These funds are not to be confused with pass-through resources received as an agency that are forwarded to a provider of services.) See PASS-THROUGH RESOURCES.

SUBSIDIARY ACCOUNT. One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account (e.g., the individual property taxpayers' accounts for the taxes receivable control account in the general ledger).

SUBSIDIARY LEDGER. A group of subsidiary accounts, the sum of the balances of which should equal the balance of the related control account. See GENERAL LEDGER and SUBSIDIARY ACCOUNT.

SUPPORTING SCHEDULES. Financial presentations that: (1) demonstrate compliance with finance-related legal and contractual provisions; (2) present information spread throughout the basic financial statements that can be brought together and shown in greater detail (e.g., schedule of taxes receivable); (3) present greater detail for information reported in the basic financial statements (e.g., detail of revenues and expenditures by element and object); and (4) present information not disclosed in GAAP basic financial statements (e.g., operation of cash).

TAP FEES. Fees charged to join or to extend an existing utility system. Also referred to as *system development fees* or *connection fees*.

TAX ANTICIPATION NOTE. Short-term, interest-bearing note issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

TAXES. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

TEMPORARY LOANS. Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable or warrants payable. They may be unsecured or secured by specific revenues to be collected.

TRADE DISCOUNT. An allowance, usually varying in percentage with the volume of transactions, made to those engaged in certain businesses and allowable without respect to the time when the account is paid. These discounts are commonly considered a reduction of the sales or purchase price and not earnings. The term is not to be confused with CASH DISCOUNT.

TRANSFERS. See INTERFUND TRANSACTIONS.

TRANSFER VOUCHER. A voucher authorizing transfers of cash or other resources between funds.

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

UNCLASSIFIED. Any operation which uses a modified accrual or cash (single-entry) basis of accounting and therefore does not record depreciation or other expenses. Such operations should be accounted for in the general fund or in special revenue funds. See FUND TYPE.

UNEARNED INCOME. See DEFERRED CREDITS.

UNENCUMBERED APPROPRIATION. That portion of an appropriation not yet expended or encumbered.

UNEXPENDED APPROPRIATION. That portion of an appropriation not yet expended.

UNIT COST. A term used in cost accounting to denote the cost of producing a unit of product or rendering a unit of service; for example, the cost of treating and purifying 1,000 gallons of sewage.

UNQUALIFIED OPINION. An auditor's opinion which states that the basic financial statements of a specified entity are fairly presented in conformity with GAAP applied on a basis consistent with the prior year.

UTILITY FUND. See ENTERPRISE FUND.

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

VOUCHER SYSTEM. A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry, known as a voucher register, in the order in which payment is approved.

VOUCHERS PAYABLE. Liabilities for goods and services evidenced by vouchers which have been preaudited and approved for payment but which 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. See REGISTERED WARRANT.

WARRANTS PAYABLE. The amount of warrants outstanding and unpaid.

WASTING ASSETS. Mines, timberlands, quarries, oil fields, and similar assets which diminish in value by the removal of their contents.

WORK IN PROCESS. The cost of partially completed products manufactured or processed, such as a partially completed printing job. Sometimes referred to as "work in progress." See CONSTRUCTION IN PROGRESS.

WORK IN PROGRESS. See CONSTRUCTION IN PROGRESS and WORK IN PROCESS.

WORKING CAPITAL FUND. See INTERNAL SERVICE FUND.

WORKING CASH FUND. See INTERNAL SERVICE FUND.

YELLOW BOOK. A non-technical term commonly used to describe the General Accounting Office's publication *Government Auditing Standards*.

YIELD. See EFFECTIVE INTEREST RATE.

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