

4.009 FINANCIAL ACCOUNTING BASICS

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Objectives Part One

- A. Discuss and Analyze the Differences Between Governmental and Private Business Accounting
- B. Discuss and Summarize Types of Government Funds
- C. Discuss the Relationship Between Funds and Budgets

Objectives Part Two

- A. Discuss Standards Set Forth by the National Council on Governmental Accounting
- B. Discuss the Major Classes of Accounts
- C. Discuss Methods of Regulating the Process

Objective 1 A

- Definition of Accounting
- Comparisons - Commercial Accounting
 - Primary Transaction Documents
 - Journalizing and Posting
 - Summarizing
 - Specific Routines

Objective 1 A (continued)

- Comparisons - Commercial Accounting
 - Fundamental Differences
 - Profit motive vs service
 - Income production vs taxing powers
 - Financial measurement focus vs fund accounting
 - Financial plan vs appropriated budget
 - Return on investment vs stewardship
 - Financial reporting vs budgetary reporting

Objective 1 B

- “Funds” Categories
 - Governmental Funds
 - Source and disposition, expendable or government-type funds
 - Expendable assets
 - Current liabilities
 - Fund balance

Objective 1 B (continued)

- “Funds” Categories
 - Governmental Funds
 - General Fund
 - Special Revenue Fund
 - Capital Projects
 - Specific Assessment
 - Debt Service Fund
 - Proprietary Funds
 - Enterprise
 - Internal Service
 - Trust & Agency

Objective 1 B (continued)

- Fiduciary Funds
 - Expendable Trust Funds
 - Nonexpendable Trust Funds
 - Pension Trust Funds
- Account Groups
 - Fixed Assets
 - Long Term Debt

Objective 1 C

- Relationship Between the Fund and the Budget
 - Definition
 - Appropriations
 - Control of County Spending

Objectives Part Two

- A. Discuss Standards Set Forth by the National Council on Governmental Accounting
- B. Discuss the Major Classes of Accounts
- C. Discuss Methods of Regulating the Process

Objective 2 A

- National Council on Governmental Accounting
 - Governmental Fund
 - Proprietary fund
 - Fiduciary Fund

Objective 2 A (continued)

- Transfers
- Encumbrance Accounting

Objective 2 B

- Classification of Accounts
 - Framework
 - Purpose
 - Major Classes of Accounts
 - Assets
 - Liability
 - Fund Balance

Objective 2 B (continued)

- Major Classes of Accounts
 - Revenues
 - Expenditures
- Accounting Transactions
 - Dual Effect

Objective 2 C

- Regulating the Process
 - System of Authorization and Records
 - Documentation
 - Internal Control

Objective 2 C (continued)

- Full Disclosure
- Consistency
- Accounting Period
- Accounting Process

Wharton County, Texas
Statement of Net Position
December 31, 2015

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,831,869
Receivables (net of allowance for uncollectibles):	
Property taxes - delinquent	313,719
Court fines - delinquent	673,391
Accounts	745,960
Due from other entities	998,078
Prepaid items	553,400
Capital assets not being depreciated:	
Land	5,433,365
Construction in progress	340,706
Capital assets, net of accumulated depreciation:	
Buildings	14,382,274
Improvements other than buildings	147,191
Machinery, equipment and vehicles	5,592,674
Infrastructure	3,677,734
Total assets	<u>54,690,361</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>2,106,161</u>
LIABILITIES	
Accounts payable	741,123
Accrued payroll	133,920
Other payables	10,048
Noncurrent liabilities:	
Due within one year	38,368
Due in more than one year	4,722,697
Total liabilities	<u>5,646,156</u>
DEFERRED INFLOWS OF RESOURCES	
Advanced collections-property taxes	<u>6,209,196</u>
NET POSITION	
Investment in capital assets	29,573,944
Restricted for:	
Nonexpendable-historical museum	50,000
Expendable:	
Public safety	110,658
Judicial	377,468
Corrections	954
Health and welfare	50,418
Environmental services	1,132
Culture and recreation	1,738
Election services	28,325
Court technology and security	172,147
Records management and preservation	528,759
Highways and drainage	4,131,353
Economic development	42,378
Veteran's memorial	27,525
Unrestricted	9,844,371
Total net position	<u>\$ 44,941,170</u>

The notes to the financial statements are an integral part of this statement.

Wharton County, Texas
Statement of Activities
For the Year Ended December 31, 2015

					Net
Program Revenues					(Expense) Revenue
		Charges for	Operating	Capital	
Functions/Programs	Expenses	Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
Primary Government:					
Governmental activities:					
General government	\$ 2,712,787	\$ 212,247	\$ 16,352	\$ -	\$(2,484,188)
Public safety	3,987,280	222,649	115,805	11,770	(3,637,056)
Judicial	3,484,682	1,256,684	451,930	977,108	(798,960)
Corrections	2,636,573	22,999	-	-	(2,613,574)
Juvenile services	839,061	3,071	521,135	-	(314,855)
Environmental services	577,675	199,112	1,360	-	(377,203)
Health and welfare	434,526	5,820	14,614	-	(414,092)
Culture and recreation	1,109,660	22,443	24,396	20,000	(1,042,821)
Highways and drainage	8,109,454	1,317,025	594,225	-	(6,198,204)
Economic development	283,341	10,194	-	268,724	(4,423)
Total government activities	<u>\$ 24,175,039</u>	<u>\$ 3,272,244</u>	<u>\$ 1,739,817</u>	<u>\$ 1,277,602</u>	(17,885,376)
General revenues:					
					15,179,646
					2,839,466
					31,350
					152,288
					113,502
					429,813
					18,746,065
					860,689
					45,565,871
					(1,485,390)
					\$ 44,941,170

The notes to the financial statements are an integral part of this statement.

Wharton County, Texas

Balance Sheet Governmental Funds December 31, 2015

		Special Revenue Funds		Nonmajor	Total
	General	Road & Bridge	Farm-to-Market Lateral Road	Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 12,901,621	\$ 4,180,558	\$ 2,245,218	\$ 2,450,385	\$ 21,777,782
Receivables (net of allowance for uncollectibles):					
Property taxes - delinquent	202,760	73,431	37,528	-	313,719
Court fines - delinquent	219,709	453,682	-	-	673,391
Accounts	678,051	67,654	-	255	745,960
Due from other entities	11,520	986,558	-	-	998,078
Prepaid items	459,780	45,282	27,053	21,285	553,400
Total assets	14,473,441	5,807,165	2,309,799	2,471,925	25,062,330
LIABILITIES					
Accounts payable	430,587	211,055	38,039	60,442	741,123
Accrued payroll	92,256	27,923	8,904	4,660	133,743
Other payables	10,048	-	-	-	10,048
Total liabilities	532,891	238,978	47,943	65,102	884,914
DEFERRED INFLOWS OF RESOURCES					
Advance property tax collections	4,042,511	1,462,223	704,462	-	6,209,196
Unavailable revenue - property taxes	176,879	66,082	32,994	-	275,955
Unavailable revenue - court fines and fees	219,708	453,682	-	-	673,390
Unavailable revenue - grants	11,770	977,108	-	-	988,878
Total deferred inflows of resources	4,450,868	2,959,095	737,456	-	8,147,419
FUND BALANCES					
Nonspendable	459,780	45,282	27,053	71,285	603,400
Restricted	118,629	2,563,810	1,497,347	1,262,715	5,442,501
Assigned	1,364,227	-	-	1,073,594	2,437,821
Unassigned	7,547,046	-	-	(771)	7,546,275
Total fund balances	9,489,682	2,609,092	1,524,400	2,406,823	16,029,997
Total liabilities, deferred inflows of resources and fund balances	\$ 14,473,441	\$ 5,807,165	\$ 2,309,799	\$ 2,471,925	\$ 25,062,330

The notes to the financial statements are an integral part of this statement.

Wharton County, Texas
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Position
December 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances for governmental funds	\$ 16,029,997
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds	29,573,944
A portion of property taxes, court fines receivable and grants are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	1,938,223
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(153,470)
Net OPEB obligation	(1,185,616)
Net pension liability	(3,421,979)
Included in the items related to long-term liabilities is the recognition of a deferred outflow of resources related to the TCDRS net pension liability	2,106,161
Internal service fund is used by management to charge the cost of employee disability to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	<u>53,910</u>
Net position of governmental activities	<u>\$ 44,941,170</u>

The notes to the financial statements are an integral part of this statement.

Wharton County, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

		Special Revenue Funds		Nonmajor	Total
		Road & Bridge	Farm-to-Market Lateral Road	Governmental Funds	Governmental Funds
	General				
REVENUES					
Taxes:					
Property (including P&I)	\$ 9,796,804	\$ 3,660,043	\$ 1,743,937	\$ -	\$ 15,200,784
Sales	2,839,466	-	-	-	2,839,466
Alcoholic beverage	31,350	-	-	-	31,350
Licenses and permits	52,160	800,620	-	-	852,780
Intergovernmental	407,248	554,384	-	831,994	1,793,626
Charges for services	804,167	162,601	-	275,561	1,242,329
Fines and forfeitures	398,158	52,620	-	345,421	796,199
Investment earnings	96,153	32,224	16,212	7,424	152,013
Miscellaneous	577,893	454,694	885	122	1,033,594
Total revenues	15,003,399	5,717,186	1,761,034	1,460,522	23,942,141
EXPENDITURES					
Current:					
General government	2,573,995	-	-	62,721	2,636,716
Public safety	3,987,129	-	-	21,933	4,009,062
Judicial	3,294,921	-	-	501,034	3,795,955
Corrections	2,797,976	-	-	-	2,797,976
Juvenile services	235,819	-	-	588,782	824,601
Environmental services	393,456	145,029	-	-	538,485
Health and welfare	443,469	-	-	-	443,469
Culture and recreation	1,034,031	-	-	290	1,034,321
Highways and drainage	-	6,925,142	2,007,789	121,119	9,054,050
Economic development	-	-	-	283,341	283,341
Total expenditures	14,760,796	7,070,171	2,007,789	1,579,220	25,417,976
Excess (deficiency) of revenues over (under) expenditures	242,603	(1,352,985)	(246,755)	(118,698)	(1,475,835)
OTHER FINANCING SOURCES (USES)					
Transfers in	628	816,317	6,504	5,824	829,273
Transfers out	(843,645)	(628)	-	-	(844,273)
Sale of capital assets	7,592	81,355	61,913	-	150,860
Total other financing sources (uses)	(835,425)	897,044	68,417	5,824	135,860
Net change in fund balances	(592,822)	(455,941)	(178,338)	(112,874)	(1,339,975)
Fund balances, beginning	10,082,504	3,065,033	1,702,738	2,519,697	17,369,972
Fund balances, ending	\$ 9,489,682	\$ 2,609,092	\$ 1,524,400	\$ 2,406,823	\$ 16,029,997

The notes to the financial statements are an integral part of this statement.

Wharton County, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$(1,339,975)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays and depreciation in the current period.

Capital outlay	3,200,184	
Depreciation expense	(1,979,007)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(37,358)
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The change in property taxes, court fines and grant unavailable revenue is reported in the statement of activities, however, this change does not provide current financial resources and is therefore not reported as revenues in the funds.		971,631
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absence liability	(8,750)
Net OPEB obligation	(139,062)
Net pension liability		169,572

Internal service fund is used by management to charge the costs of employee disability to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.		23,454
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Change in net position of governmental activities	\$	<u>860,689</u>
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References

- GAAFR - Governmental Accounting, Auditing, and Financial Reporting
- Texas Comptroller of Public Accounts, Standard Financial System for Counties