

The World of Governmental Finance & Accounting

BY: DARREN BRADY

BACHELORS OF ACCOUNTANCY, EMPHASIS: FINANCIAL ANALYSIS

BACHELORS OF BUSINESS ADMINISTRATION, EMPHASIS: MARKETING

MINOR: ECONOMICS



What I Learned (Fixed Asset Accounting)

- ▶ How to distinguish non capital assets from capital assets.
- ▶ How to do audit preparation properly and efficiently.
- ▶ How to properly input journal entries into governmental accounting software.
- ▶ How to determine life expectancy of assets.
- ▶ How to calculate 1st year and annual depreciation.
- ▶ How to properly distinguish construction in progress assets from completed assets.
- ▶ How to correctly record the acquisition and disposition of fixed assets.
- ▶ Took pictures of tangible assets for documentation purposes.



Fixed Asset Entry Example

Fixed Asset Maintenance

Assets		Purchase & Depr. History		Depreciation Rules	
Tag	2015001			Date Acquired	08/15/2015
Item Class	4001 MAJOR STREE IMPROVEMENTS			Method Acquired	P
Type Class	400 INFRASTRUCTURE			Asset Status	ACTIVE
Quantity	1	Location	1 CITY OF GUNNISON		
Unit Cost	616040.91	Building	440 STREETS		
Total Cost	616040.91	Room			
		Function	4035 STREET IMPROVEMENTS		
			<input type="checkbox"/> Use Depr Rules?		
Method of Cost Determination	HC	Salvage Value ea.		% of Fed. Ownership	
Org		Life	20	Federal CFDA	
Desc.	8 STREETS COMPLETELY REBUILT: Boulevard from Tomichi to Gothic Ave Adams St. from Tomichi to Georgia Ave West side of Wisconsin St. and Georgia Ave. San Juan Ave. from 11th st to boulevard Evans Ave. from 11th st to 12th Pine St. from Tomichi to New York Ave. 12th st from Tomichi to New York Taylor St. from Tomichi to Virginia Ave.	Deprec Method	SL	Date of Manufacture	//
	<input type="button" value="Add Std Description"/>	1st Year Deprec	11645.71	Original Cost ea.	
Remarks		Annual Deprec	30802.05	Replace Cost ea.	616040.91
		Total Deprec	11645.71	<input type="checkbox"/> Inventory?	
		Disposal Date	//		
		<input type="button" value="Scan"/>	<input type="button" value="View Scanned"/>		

Fixed Assets Journal Entry Example

														Tag	2015001	Total Cost	616040.91
Acquisition		Depreciation		Transfer		Disposal		Delete Line						Total Deprec		11645.71	
VencPeriod	Year	Type	Description	Amount	D/C	Fund	Org	Account	Object	Proj	Doc #	Capital Fund	Capital DB	Capital CR	Manual	PO #	VencSale Proc
	3/15	2015	Acq.	SCHMALZ CONST STREET	-45.00	D	1	0	4035	9111	CR	90048	75	1315	2800	Manual	
	3/15	2015	Acq.	CSI STREET IMPROVEMEN	-45.00	D	1	0	4035	9111	CR	90049	75	1315	2800	Manual	
13	4/15	2015	Acq.	PUBLIC WORKS	25.76	D	1	0	4035	9111	CL	21014	75	1315	2800	System	GUN
38	5/15	2015	Acq.	STREET PAINT	65.61	D	1	0	4035	9111	CL	21227	75	1315	2800	System	SHE
31	5/15	2015	Acq.	AERIAL TARGET MEASURE	875.00	D	1	0	4035	9111	CL	21282	75	1315	2800	System	PEA
31	6/15	2015	Acq.	ST IMPR SURVEY	700.00	D	1	0	4035	9111	CL	21438	75	1315	2800	System	PEA
41	7/15	2015	Acq.	2015 STREET IMP	557462.70	D	1	0	4035	9111	CL	21585	75	1315	2800	System	UNI
21	7/15	2015	Acq.	REPAIR	123.38	D	1	0	4035	9111	CL	21661	75	1315	2800	System	LK \$
41	7/15	2015	Acq.	RETAINAGE	55746.28	D	1	0	4035	9111	CL	21996	75	1315	2800	System	UNI
15	8/15	2015	Acq.	TOW/SLURRY	375.00	D	1	0	4035	9111	CL	22098	75	1315	2800	System	H &
15	9/15	2015	Acq.	TOWS	450.00	D	1	0	4035	9111	CL	22258	75	1315	2800	System	TOF
31	9/15	2015	Acq.	SAFETY SIGNS	300.00	D	1	0	4035	9111	CL	22348	75	1315	2800	System	OFF
11	11/15	2015	Acq.	OCTOBER STATEMENT	7.18	D	1	0	4035	9111	CL	22856	75	1315	2800	System	FUL
	13/15	2015	Depr		11645.71	D	75	0	4035	4422	0		0	0	0	System	
	13/15	2015	Depr		11645.71	C	75	0	1415	0	0		0	0	0	System	

What I Learned (Cont.) (Cost Allocation)

- ▶ How to determine a basis to correctly allocate indirect costs.
- ▶ How to correctly determine allocation rate by which expenditures apply.
- ▶ Improved my overall efficiency and proficiency of Microsoft Excel
- ▶ Interviewed department heads in effort to determine worthy allocation basis.
- ▶ How to correctly structure a governmental budget.

Original

2016 BUDGET						
Expense #1 - City Hall						
			2016 Budget =	\$80,400		Allocated
Basis of Allocation: % Sq.Ft.			To Utility		Allocation	to Utility Funds
City Council	10.00%	8,040	60%		4,824	
City Manager	5.00%	4,020	60%		2,412	
City Clerk	3.00%	2,412	50%		1,206	
Finance	10.00%	8,040	50%		4,020	
Sub-Total		22,512			12,462	12,462
Other	72.00%	57,888				
Combined Total		80,400			12,462	
Expense #2 - Administrative Support						
			2016 Budget	Fund Utility	General	
City Council (less Youth Council and City Fest)			\$56,003	60%	40%	33,602
City Manager (less internship program and contingency expenses)			\$204,420	60%	40%	122,652
City Clerk			\$181,076	50%	50%	90,538
Finance			\$520,401	50%	50%	260,200
Information Technology (less capital outlay)			\$119,957	50%	50%	59,979
Expense #3 - City Shop						
			2016 Budget =	49,236		
Street & Alley Admin					17%	8,206
Fleet Maintenance					17%	8,206
Electric Admin					17%	8,206
Water Distribution					17%	8,206
Wastewater Collection					17%	8,206
Refuse					17%	8,206
TOTAL EXPENSES TO BE ALLOCATED TO UTILITY FUNDS						628,668

Proposed

2016 BUDGET

Expense #1 - City Hall

Basis of Allocation: % of Sq.Ft.		Square Footage	2016 BUDGET =		80,400	Allocated
				To Utility	Allocation	To Utility Funds
City Council		1123.36	19.62%	\$ 15,774.88	55.20%	\$ 8,707.91
City Manager		486.08	8.49%	\$ 6,825.82	17.25%	\$ 1,177.11
City Clerk		750.72	13.11%	\$ 10,542.05	55.20%	\$ 5,819.33
Finance		1245.12	21.75%	\$ 17,484.71	42.16%	\$ 7,371.43
Sub-Total		3605.28	62.97%	\$ 50,627.46		\$ 23,075.78
Other		2120.16	37.03%	\$ 29,772.54		
Combined Total		5725.44	100.00%	\$ 80,400.00		\$ 23,075.78
Second Allocation Base:						
*City Council allocated on the basis of Expenditures designated to Enterprise Funds.			utility exp.	\$ 10,985,005.00	total exp.	\$ 19,899,977.00
*City Manager allocated on basis of FTE's (full time employees) designated to Enterprise Funds.			# of emp. to utility funds	18.04	total # of emp.	104.61
*City Clerk allocated on the basis of expenditures designated to Enterprise Funds.			utility exp.	\$ 10,985,005.00	total exp.	\$ 19,899,977.00
*Finance allocated on basis of transaction designated to Enterprise Funds.			# of transactions	27,764	total # of transactions	65,855

Expense #2 - Administrative Support

	2016 Budget	Utility Exp.	Total Exp.	% allocated to Utilities	General	
City Council (less Youth Council and City Fest)	\$ 56,003	\$ 10,985,005	\$ 19,899,977	55.20%	44.80%	\$ 30,914.27
City Manager (less internship program and contingency expense)	\$ 204,420	*	*	17.25%	82.75%	\$ 35,252.24
City Clerk	\$ 181,076	\$ 10,985,005	\$ 19,899,977	55.20%	44.80%	\$ 99,955.93
Finance	\$ 520,401	*	*	42.16%	57.84%	\$ 219,397.36
Information Technology (less capital outlay)	\$ 119,957	*	*	14.55%	85.45%	\$ 17,448.29
City Attorney	\$ 65,300	\$ 10,985,005	\$ 19,899,977	55.20%	44.80%	\$ 36,046.31
*Information Technology allocated on the basis of the # of devices (printers,computers,collectors) designated to Enterprise Funds.						
# of devices designated to enterprise funds	16	total # of devices	110			
*City Manager allocated on basis of FTE's (full time employees) designated to Enterprise Funds.			# of emp. to utility funds	18.04	total # of emp.	104.61
*Finance allocated on basis of transaction designated to Enterprise Funds.			# of transactions	27,764	total # of transactions	65,855

Original

Expense #3 - City Shop								
				2016 Budget =		49,236		
Street & Alley Admin							17%	8,206
Fleet Maintenance							17%	8,206
Electric Admin							17%	8,206
Water Distribution							17%	8,206
Wastewater Collection							17%	8,206
Refuse							17%	8,206
TOTAL EXPENSES TO BE ALLOCATED TO UTILITY FUNDS								628,668
FINAL ALLOCATION 2016 BUDGETED EXPENSES								
Basis: Number of Utility Customers								
@ 09/30/15								
			4,425	2,224	2,146		1,954	10,749
			41.17%	20.69%	19.96%		18.18%	100%
	S & A	Fleet	Electric	Water	Sewer	WWTP	Trash	Total
City Hall			5,130	2,578	995	1,493	2,265	12,462
City Council			13,833	6,952	2,683	4,025	6,108	33,602
City Manager			50,492	25,377	9,795	14,692	22,296	122,652
City Clerk			37,271	18,733	7,230	10,845	16,458	90,538
Finance			107,116	53,836	20,779	31,169	47,300	260,200
Information Technology			24,691	12,410	4,790	7,185	10,903	59,979
City Shop	8,206	8,206	8,206	8,206	8,206	0	8,206	49,236
Total	8,206	8,206	246,739	128,092	54,478	69,409	113,537	628,668

Proposed

Expense #3 - City Shop

	2016 Budget =	\$ 49,236.00							
Street & Alley Admin								17%	\$ 8,206
Fleet Maintenance								17%	\$ 8,206
Electric Admin								17%	\$ 8,206
Water Distribution								17%	\$ 8,206
Waste Water Collection								17%	\$ 8,206
Refuse								17%	\$ 8,206

TOTAL EXPENSES TO BE ALLOCATED TO UTILITY FUNDS **\$511,326.19**

*According to the Public Works Director all cost are allocated evenly between the six funds.

FINAL ALLOCATION OF 2016 BUDGETED EXPENSES

Basis: Number of Utility Customers

@ 04/07/16	4,413	2,185	2,134	1,989	10,721
	41.16%	20.38%	9.25%	18.55%	100.00%

2nd Allocation Basis : Expenditures

635,980 732,853

* 2nd allocation base for Sewer and WWTP allocated on the basis of total expenditures. Expenditures designated to sewer 635,980/ total expenditures 1,368,833

expenditures designated to WWTP 732,853/ total expenditures 1,368,833

	S & A	Fleet	Electric	Water	Sewer	WWTP	Trash	Total
City Hall			\$ 9,498.50	\$ 4,702.97	\$ 2,134.51	\$ 2,457.57	\$ 4,281.10	\$ 23,074.66
City Council			\$ 12,724.99	\$ 6,300.50	\$ 2,859.57	\$ 3,292.37	\$ 5,735.33	\$ 30,912.77
City Manager			\$ 14,510.60	\$ 7,184.60	\$ 3,260.83	\$ 3,754.36	\$ 6,540.13	\$ 35,250.53
City Clerk			\$ 41,144.07	\$ 20,371.58	\$ 9,245.92	\$ 10,645.31	\$ 18,544.20	\$ 99,951.08
Finance			\$ 90,308.79	\$ 44,714.41	\$ 20,294.26	\$ 23,365.82	\$ 40,703.42	\$ 219,386.70
Information Technology			\$ 7,182.10	\$ 3,556.06	\$ 1,613.97	\$ 1,858.24	\$ 3,237.07	\$ 17,447.44
City Attorney			\$ 14,837.46	\$ 7,346.44	\$ 3,334.28	\$ 3,838.93	\$ 6,687.45	\$ 29,357.12
City Shop	\$ 8,206.00	\$ 8,206.00	\$ 8,206.00	\$ 8,206.00	\$ 8,206.00	\$ -	\$ 8,206.00	\$ 49,236.00
Total	\$ 8,206.00	\$ 8,206.00	\$ 198,412.51	\$ 102,382.58	\$ 50,949.34	\$ 49,212.61	\$ 93,934.70	\$ 504,616.29

Monetary Differences of Original Plan vs. Proposed Plan

Department	Original Plan	Proposed Plan	Difference
Street & Alley	\$8,206	\$8,206	\$0
Fleet	\$8,206	\$8,206	\$0
Electric	\$246,739	\$198,413	\$48,326
Water	\$128,092	\$102,383	\$25,710
Sewer	\$54,478	\$50,949	\$3,529
WWTP	\$69,409	\$49,213	\$20,196
Trash	\$113,537	\$93,935	\$19,603
Total	\$628,668	\$504,616	\$124,052