

CHAPTER 5

FUND NUMBERS

The General Fund

The General Fund is used by every local unit of government to account for financial transactions not properly accounted for in another fund. It is normally the largest and most important fund and is, therefore, usually placed first in the general ledger.

01 THE GENERAL FUND - To account for all financial resources of the local unit of government except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for resources legally restricted to expenditure for specified purposes. Typically, this includes such items as revolving funds, most federal categorical grants, and those items defined by legislation as receipts reserved for appropriation. Fund numbers 10-29 are reserved for use as Special Revenue Funds. Most local units will, however, find it necessary to use only the following four numbers:

21 FEDERAL REVENUE SHARING - This fund is used to account for federal grants under the Federal Revenue Sharing Act. It is a Special Revenue Fund because its assets are limited to usage specified in the federal legislation. These monies must be handled as a separate fund in order to comply with federal regulations.

22 SCHOOL LUNCH REVOLVING FUND - This fund is used to account for all financial transactions related to a school food service operation. It is a Special Revenue Fund because all receipts of the operation must be utilized to provide additional food services.

23 HIGHWAY IMPROVEMENTS FUND - This fund is used to account for all of the financial transactions related to a highway improvement, project under Chapter 765 (Chapter 90) reimbursements for the State. This would include the construction expenditures, reimbursement agreements, reimbursements, and temporary loans associated with them.

24 OTHER SPECIAL REVENUE FUNDS - This fund is used to account for all of the other special revenue funds, including all the revolving funds other than School Lunch, all the receipts reserved for appropriations, and all the grants which are not recognized in one of the other funds (General Funds, Capital Projects Funds, or Enterprise Funds).

Capital Projects Funds

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds. Special Assessment Funds, or Trust Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived general fixed assets. Such items, referred to as Capital Outlay expenditures, are normally financed directly from current revenues of General or Special Revenue Funds, and are accordingly accounted for in those funds.

Capital Projects Funds must be used when they are legally mandated or when projects are financed wholly, or in part, by bond issues, intergovernmental revenues, or major private donations. They are also particularly useful for projects financed from current revenues of more than one fund or covering more than one year.

Since the nature of each Capital Projects Fund will vary significantly, no attempt has *been made* to predefine fund numbers other than by reserving the numbers 30-49 for Capital Projects.

Special Assessment Funds

Special Assessment Funds are used to account for the provision and financing of public improvements or services which primarily benefit the particular taxpayers against whose properties special assessments are levied. Special assessment improvements are paid for completely, or in part, by property owners in a limited geographical area deemed to be specially benefited. This distinguishes them from improvements that benefit the entire community and which are paid for with general governmental resources or through the issuance of general obligation bonds retired from general governmental resources.

Property owners are generally given the option of paying their special assessments in a lump sum or in interest-bearing annual installments: over several years. Special assessment bonds are commonly issued to finance initial construction costs. Such bonds are usually serial bonds. At the present time in Massachusetts, the debt service on bonds issued in connection with a special assessment project will be appropriated annually in the General Fund when due. Amounts received each year from the payment of special assessment installments and the related interest will be accounted for in the Special Assessment Fund and then transfer-red to the General Fund.

A separate fund should generally be created for each special assessment project. Each has a legal identity and separate financial obligations. Fund numbers 50-59 are reserved for use by Special Assessment Funds.

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. Services accounted for in Enterprise Funds are tangible, and it is ordinarily possible to determine the extent to which they benefit individual service consumers.

Fund numbers 60-79 have been reserved for Enterprise Funds. Several types of enterprises are common to a large number of local units across the Commonwealth. These have been predefined as follows:

60 SEWER ENTERPRISE FUND - This fund is used to account for the operation of a sewer enterprise. Wastewater treatment plants should be included as part of the Sewer Enterprise Fund.

61 WATER ENTERPRISE FUND - This fund is used to account for the operation of a water enterprise.

62 ELECTRIC & GAS UTILITY - This fund is used to account for the operation of electric and gas utility enterprises (Sec 57, Ch 164, MGL).

63 HOSPITAL ENTERPRISE FUND - This fund is used to account for the operation of a hospital enterprise. It should not include all health care activities. For example, a home for the aged would be a separate and distinct Enterprise Fund from a hospital, while a free clinic would most likely be an activity or project of the General Fund.

64 OTHER HEALTH CARE ENTERPRISES - This fund is used to account for health care enterprises other than hospitals. If a local unit has more than one such operation, separate fund numbers should be established.

65 AIRPORT ENTERPRISE FUND - This fund is used to account for airport operations (Sec 51D, Ch 90, MGL).

79 OTHER ENTERPRISES - Enterprises which do not fit into one of the predefined categories may be assigned a unique number (66-78) for accounting purposes, or may be combined in Fund 79 where the amounts involved are not material.

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

81 NON EXPENDABLE TRUST FUNDS - This fund is used to account for trusts whose principal must be preserved intact. Non-expendable Trust Funds are most often used to account for the principal portion of endowment-, provided to a government by private donors with the stipulation that their principal be preserved intact. For example, a donor might specify that the principal of an endowment be preserved intact and invested with the resultant income to be used to provide scholarship aid to needy students within the government's jurisdiction *who* might not otherwise be able to attend college.

82 EXPENDABLE TRUST FUNDS - This fund is used to account for trusts whose principal and income may be expended in the course of their designated operations. Expendable Trust Funds are most often used to account for income amounts transferred to them from Nonexpendable Trust Funds. Expendable Trust Funds may also be used to account for endowments whose principal may be expended in the course of their designated operations. However, the use of Expendable Trust Funds should generally be limited to instances where legally mandated or where a formal legal trustee relationship exists. Amounts currently available for expenditure for general governmental operating purposes should generally be accounted for in the General Fund or in Special Revenue Funds.

83-88 OTHER TRUST FUNDS - This fund is used to account for other trust or investment funds which due to the way they are created or the purpose they serve, &re unique and therefore need to be segregated from the expend-able and nonexpendable categories. The Stabilization Fund and the Conservation Fund would be accounted for under this fund

89 AGENCY FUNDS - This fund is used to account for other funds *which* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds are merely clearing accounts. At any given point in time, total Agency Fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held by the government. examples of Agency Funds are (1) tax collection funds used to account for property taxes billed and collected by one local government on behalf of another, and (2) performance deposit funds used to account for refundable deposits required of various licensees.

General Long-term Debt Account Group

Long-term liabilities not expected to be financed from proprietary *funds*, Special Assessment Funds, or Trust Funds are general long- term debt. General long-term debt is accounted for *in* the General Long-term Debt Account Group.

Debt expected to be repaid from proprietary funds is not general long-term debt *Such* amounts are accounted for in proprietary funds rather than in the General Long-term Debt Account Group.

Fund number 90 should be used for the General Long-term Debt Account Group.

SPECIAL TOPICS

Local units of government with adequate records to support maintenance of a General Fixed Assets Account Group should use fund number 99 to segregate these records in the general ledger.

FUND NUMBER SUMMARY

GENERAL FUND

01 The General Fund

SPECIAL REVENUE FUNDS

21 Federal Revenue Sharing
 22 School Lunch Revolving Fund
 23 Highway Improvements Fund
 24 Other Special Revenue Funds

CAPITAL PROJECTS FUNDS

30-49 Names assigned based on local needs

SPECIAL ASSESSMENT FUNDS

50-59 Names assigned based on local needs

ENTERPRISE FUNDS

60 Sewer
 61 Water
 62 Electric and Gas
 63 Hospital
 64 Other Health Care
 65 Airport
 66-78 Names assigned based on local needs
 79 Other

TRUST AND AGENCY FUNDS

81 Nonexpendable Trust
 82 Expendable Trust
 83 Other Trust
 84-88 Names assigned based on local needs
 89 Agency

ACCOUNT GROUPS

90 General Long-term Debt
 91-98 Names assigned based on local needs
 99 General Fixed Assets (if applicable)