

Year-End Revenue Accruals

In conjunction with accounting standards, Finance staff accrues revenue that is received in the current fiscal year back to the previous fiscal year in most funds. When that accrual is reversed, it creates a negative entry for that revenue item. The negative entry is offset when the current year revenue is received for that line item, such as Sales Tax and Sewer Service Fees, which does not occur until September. So the monthly reports for certain funds will show negative revenue items for the months of July and August.

Beginning and Ending Balances

Governmental funds (General & Park Funds, Transportation Fund, Gas Tax Fund) use the flow of current financial resources measurement focus. Long-term assets and liabilities are not reflected on the balance sheets of governmental funds. As a result, fund balances are used as they closely mirror cash balances. Enterprise funds (Sewer, Parking, Airport, Private Development and Subdivisions) use the flow of economic resources measurement focus. Long-term assets and liabilities are reported on the balance sheets of enterprise funds. These reports are using cash balances as it's been deemed that cash balances are more beneficial to users of these reports.

Recurring Cash Imbalances

The natural cash imbalances experienced in governmental accounting will be apparent throughout the fiscal year, depending on the fund. For example, the General Fund has historically reflected a negative fund balance July to December each year until the City receives its first distribution of property tax and a large portion of sales tax in late December or early January (booked when the revenue becomes "available.") This temporary cash imbalance equals out over the remainder of the fiscal year as revenue is received through September and accrued back to June, so the monthly reports may give the erroneous impression that a fund is insolvent, depending on the month. Other funds, particularly grant funds, operate on a reimbursement basis, so revenue is not received until after expenditures are incurred, creating another example of a temporary cash imbalance.

Police Department Salaries and Benefits

Please note that the Police Department budget for salaries and benefits are maintained in its main operating department budget (001-300) even though actual salaries and benefits are recorded in multiple departments (i.e., 001-300, 001-301, 001-322, etc.).



Chris Constantin
Finance Director

Attachments

cc: Department Heads (distributed electronically)