

Government Fund Accounting

Government fund accounting tracks money restricted by laws or regulations using separate, self-balancing sets of accounts, rather than one big pot. It focuses on the “fund balance” (spendable resources). Assets minus liabilities = fund balance. We are running on a modified accrual basis, meaning revenues are recognized when measurable and available and expenditures are recorded when liabilities are incurred. This allows a snapshot picture of current financial resources. Each fund behaves like a separate entity to ensure legal compliance.

Our current funds:

General Fund

Cemetery Fund

Water and Sewer Fund

Capital Improvements Fund (CIP)

Our budget is separated into these four fund areas. Money can be transferred between funds (with the exception of the cemetery fund) through interfund transfers, which moves cash or assets without creating revenue or expenses. These interfund transfers are used to balance funds, cover shortages and must be carefully managed to comply with restrictions. The cemetery fund is a restricted fund, which can only be used for cemetery purposes.

Interfund transfers can be permanent (appropriations) or temporary (to be repaid). They should be documented with a clear purpose and tracked to maintain the integrity of each fund's balance.