

ACCOUNTING IN UTAH STATE GOVERNMENT (FUND ACCOUNTING)

Reporting Entity	3 Major Fund Categories	9 Fund Types (UCA 51-5-4)	Accounts for . . .	Fund Type: Required or Optional	Utah Examples	Primarily used for . . .
PRIMARY GOVERNMENT	GOVERNMENTAL FUNDS	General Fund	All financial resources except those required to be accounted for somewhere else (<i>Default Fund</i>) - the Principal Operating Account. Has many "restricted" sub accounts that are subject to appropriation.	Required	Health, Human Services, Corrections, Courts, much of Higher Education, etc.	Basic state operations.
		Special Revenue Funds	Proceeds of specific revenue sources (other than permanent, trust, and agency funds) that are legally restricted for specified purposes (specific revenues for a specific purpose). Also have "Restricted Special Revenue Fund" sub accounts not subject to appropriation - once funded an agency can spend from these fund 'at will.'	Optional/But required under certain circumstances.	Education Fund (corporate/income tax), Transportation Fund (gas tax), and Transportation Investment Fund (TIF) Quarters for Christmas (not budgeted - but a state program).	Ed Fund restricted for basic operations of Public and Higher Education and Transp. Fund restricted for road maintenance/development (Dept of Transportation). Other special rev. funds used for other specific purposes.
		Capital Projects Funds	Financial resources used for the acquisition or construction of major capital facilities.	Optional	Capital Projects	Authorized construction of buildings.
		Debt Service Funds	The accumulation of resources for, and the payment of, the principal and interest on general long-term obligations.	Optional/But required if legally mandated (bond covenants).	Debt Payments	Payments for bonds (principal and interest).
		Permanent Funds	Resources that are legally restricted to the extent that only earnings, and not principal, may be used for a specific purpose.	Always Required when resources are restricted - when only earnings and not principal may be used - when principal is restricted.	State Trust Lands (SITLA)	Accounting for the principal of SITLA (only one permanent fund in Utah).
	PROPRIETARY FUNDS	Enterprise Funds	Operations, financed and operated in a manner similar to private business enterprises, where the Legislature intends costs of providing goods or services are recovered primarily through user charges.	Optional. However, required when: 1) activity financed by debt, 2) law or policy requires fees and recovering costs, or 3) pricing policies. Also required if there is some kind of restriction through laws, policy, or pledged by covenants.	DABC UCI Water Loan Funds Permanent Community Impact Funds Unemployment Comp Fund	Business-type entities.
		Internal Service Funds	The financing of goods or services provided by one department, division, or agency to other departments, divisions, or agencies of the state on a cost-reimbursement basis (usually involve internal customers).	Always Optional	Fleet Technology Services Risk Mgt	Internal goods and services.
	FIDUCIARY FUNDS	Trust Funds	Assets held and administered by the state as trustee for individuals, private organizations, or other governmental units.	Required if holding assets in a trustee capacity	Utah Retirement System Public Treasurer's Investment Fund - (External participants - cities and counties) Utah Navajo Royalties Fund	Pension Trust funds, Investment Trust Funds, and Private-Purpose Trust Funds.
		Agency Funds	Assets held by the state as agent for individuals, private organizations, or other governmental units in a "purely custodial capacity."	Required if holding 3rd party funds	Temp. Withholding of Fed Tax Collection and Disbursement of County Sales Tax Money by the State Tax Commission (custodial passing through of the funds).	Pass through funding where the state is in a custodial capacity.

ACCOUNTING IN UTAH STATE GOVERNMENT (RELATED ENTITIES DISCLOSURE)

Reporting Entity		Types	Accounts for . . .	Required or Optional	Utah Examples
LEGALLY SEPARATE ENTITIES	REQUIREMENT TO BE INCLUDED IN FINANCIAL STATEMENTS DUE TO A FINANCIAL ACCOUNTABILITY CONNECTION	Component Unit Fund	Financial resources used to operate colleges and universities and other discrete component units where the primary government has more of a direct impact or influence.	Required as part of financial statements.	Colleges and Universities (Discreet) and State Building Ownership Authority (Blended). Utah Housing Authority Public Employee Health Program (PEHP)
		Related Organization	Primary government appoints the voting majority of a board but has no responsibility beyond that	Footnote disclosure required (not required as a separate fund).	Worker's Compensation Fund
		Joint Venture	Enough of a relationship exists to make it misleading to exclude it from reporting even though the primary government does not appoint the majority of the board and there is no financial benefit/burden or fiscal dependency relationship.	Footnote disclosure required (not required as a separate fund).	UCAN (Utah Communications Agency Network).

KEY THEMES FOR UTAH STATE GOVERNMENT ACCOUNTING:

1. Numerous outside entities want to know the 'true' financial condition of state government. These include elected officials, other governments, investors, creditors, and citizens.
2. Bond rating agencies require financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP insures consistency and accountability.
3. State statute also requires use of GAAP in accounting for funds (UCA 51-5-4).
4. State statute (UCA 51-5-4(c)) requires the Division of Finance to determine classifications according to GAAP for all funds, sub funds, and accounts created by the Legislature.
5. Legislators can create funds or accounts and call them what they want in a bill, but Finance, by law and GAAP, will call them (and report them) according to GAAP - so why not start together
6. There are statutory restrictions on accounts. If Legislators want to change the use, they need to change the statute. There are also GAAP restrictions on funds
7. During times of deficit, some lines can be blurred per UCA 63J-1-211 (applies to sub-accounts of the General Fund)