GASB CODIFICATION · GENERAL PRINCIPLES

Section 1300

Fund Accounting

The full rulebook behind the fund structure introduced in Section 1100 — what each fund category is for, which of the eleven fund types applies to a given activity, and how many funds a government actually needs. Plain-language reference only; not a substitute for the authoritative text.

GARS 1300

GENERAL PRINCIPLES

Why Funds Exist

One government, many accounting entities.
Unlike a business accounted for as a single entity, a government is a combination of several distinct fiscal and accounting entities, each with its own self-balancing set of accounts.

Three categories, three measurement approaches.
Governmental funds focus on current financial resources; proprietary funds behave like a business (economic resources, accrual); fiduciary funds report net position the same way, for the benefit of someone other than the government itself.

GENERAL PRINCIPLES

The Eleven Fund Types

Governmental (5 types).
General, special revenue, capital projects, debt service, and permanent funds.

Proprietary (2 types).
Enterprise funds (required when debt is secured solely by fees, or cost recovery is legally mandated or the pricing policy) and internal service funds (only if the government is the predominant participant).

Fiduciary (4 types).
Pension/OPEB trust, investment trust, private-purpose trust, and custodial funds — distinguished by trust criteria and who ultimately benefits.

GENERAL PRINCIPLES

How Many Funds to Establish

Only one general fund.
The general fund definition precludes multiple general funds for a single reporting entity; a blended component unit's general fund is reported as special revenue.

Minimum necessary, no more.
Establish only the funds required by law and sound financial administration — unnecessary funds create inflexibility and complicate financial administration.

GENERAL PRINCIPLES

Period-Oriented vs. Project-Oriented

Most funds run on the fiscal year.
Governmental (other than capital projects), proprietary, and fiduciary funds are evaluated annually for budgetary compliance and operating results.

Capital projects funds run on the project.
They're planned and evaluated over the life of the project, which often spans more than one fiscal year, while still reporting current-year activity and year-end position.

Paraphrased for plain-language reference from GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 1300, "Fund Accounting." Principal sources: NCGA Statement 1; GASB Statements 6, 14, 34, 37, 38, 51, 54, 84; GASB Implementation Guides 2015–2021. This summary is not authoritative — consult the current Codification (GARS-Online) or your auditor for application to a specific district.