

## **BASIS OF BUDGETING AND FUND STRUCTURE**

The Dane County budget is prepared in accordance with Generally Accepted Accounting Principles (GAAP). The accounts of the county are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that include its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled.

The use of fund accounting is one of the differences between GAAP for governmental entities and business enterprises. GAAP for government classifies funds into four broad categories: Governmental, Proprietary, Fiduciary and Account Groups. Each of these categories is further sub-divided into generic fund types.

### ***Governmental Fund Types (All of these funds are subject to appropriation)***

#### **General Fund**

The General Fund accounts for the preponderance of the County's operations with the exception of the Human Services Department and the business type activities recorded in other major funds. It includes all resources not restricted legally to a specific use.

#### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditure for specific purposes.

*Board of Health* – Accounts for funds that are part of the joint budget for the Board of Health for Madison and Dane County.

*Library* - Accounts for funds used to maintain and improve municipal public library services.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

*Human Services* - Accounts for funds used to provide financial assistance, aid to families with dependent children, food stamps, medical assistance and health and welfare services to the elderly and physically and developmentally disabled.

*Land Information* - Accounts for funds used to improve the accessibility of land-related information and to provide a means to place the County in a state-of-the-art business posture to process land-related information.

*Bridge Aid* - Accounts for funds used for the construction or repair of culverts and bridges within participating municipalities in Dane County under Section 81.38(2) of the Wisconsin State Statutes.

*CDBG Business Loan* - Accounts for the issuance and repayment of loans from the Community Development Block Grant Business Loan Program.

*CDBG Housing Loan* - Accounts for the issuance and repayment of loans from the Community Development Block Grant Housing Loan Program.

*CDBG HOME Loan* - Accounts for the issuance and repayment of loans from the Community Development Block Grant HOME Housing Loan Program.

*Commerce Revolving Loan* - Accounts for the receipt of grant funds from the Wisconsin Department of Commerce and subsequent issuance and repayment of loans to grant recipients.

*Scheidegger Trust* - Accounts for acquisition and maintenance of parklands in the area of the communities of Riley, Verona and Mount Vernon. This expendable trust fund was established through a bequest from the Walter R. Scheidegger Estate.

*Redaction Fund* – Accounts for funds used to redact Social Security numbers from electronic format records. Funding for the redaction project comes from a recording fee assessed by the Register of Deeds.

*DaneCom Fund* – Accounts for funds used in support of DaneCom, a radio system used to allow public safety and public service officials to talk across disciplines and jurisdictions.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

**Debt Service Fund**

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Fund**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

***Proprietary Fund Types (All of these funds are subject to appropriation)***

**Enterprise Funds**

Enterprise Funds are used to account for operations where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which periodic measurement of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Badger Prairie Health Care Center* - Accounts for activity associated with the operations and maintenance of the County's health care facility.

*Airport* - Accounts for the operations and maintenance of the Dane County Regional Airport.

*Highway* - Accounts for funds used to maintain and improve roadways and alternative modes of transportation within the County's jurisdiction.

*Printing & Services* - Accounts for printing and related services provided by the Department of Administration to other County departments and other governmental units.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

*Solid Waste* - Accounts for the operations and maintenance of a sanitary landfill serving as a solid waste disposal and recycling center for the entire County.

*Methane Gas* - Accounts for the operation and maintenance of the County's methane gas operations.

**Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

*Workers' Compensation* - Accounts for workers' compensation claims on a self-insured basis.

*Liability Insurance* - Accounts for the purchase of a wide variety of insurance, including property, equipment, computer, boiler, aviation liability, professional liability for nurses, auto comprehensive, and insurance for Emergency Medical Services (EMS) districts throughout the County.

*Employee Benefits* - Accounts for funds used for payment of certain employee benefits through the purchase of insurance coverage from private carriers.

*Consolidated Food Service* - Accounts for the activities of the food service operation that provides meals to the Badger Prairie Health Care Center, Dane County Jail System, Juvenile Detention Center, and other smaller agencies.

***Fiduciary Fund Types (These funds are not subject to appropriation)***

**Trust Funds**

Trust funds account for assets held by a governmental entity in a trustee capacity. For non-expendable trust funds, only the income derived from the principal may be expended in the course of the fund's designated operations - the principal must be preserved intact. For expendable trust funds, both the income and principal may be expended in the course of the fund's designated operations.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

*Blockstein Memorial Trust* - Accounts for the Liesl Blockstein Awards for Distinguished Community Service in the Arts program. This is a non-expendable trust fund.

*John T. Lyle Trust* - Accounts for the John Lyle Memorial Scholarship program which awards scholarships to encourage the education of youth, both male and female, in the agricultural areas of Dane County, Wisconsin, in farming and in the making of farm life more enjoyable. This is a non-expendable trust fund.

*Lyman Anderson Trust* – Accounts for the Lyman F. Anderson Agriculture and Land Conservation Center Trust Fund that was established to maintain and care for the conservancy land whichs are part of the Lyman F. Anderson Agriculture and Land Conservation Center.

**Agency Funds**

Agency funds account for the receipt and disbursement of various taxes, deposits and assessments collected by a governmental entity, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

*Delinquent Special Assessments* - Accounts for delinquent special assessments collected for municipalities within the County.

*Alimony and Support* - Accounts for alimony and support payments received but not paid.

*Clerk of Courts Agency Account* - Accounts for fines and forfeitures to be disbursed to the County and other municipalities.

*State Tax Levy and Special Charges* - Accounts for receipts and disbursements for state charges included in property tax billings.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

*Other* - The remaining agency funds account for receipts and disbursements of various taxes and deposits collected by the County, acting in the capacity of agent, for distribution to other governmental units or designated beneficiaries.

**Major and Non-major Funds**

For government-wide financial statements, funds are also classified as either major or non-major within the governmental and proprietary funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- ❖ Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category type, and
- ❖ The same element of the individual governmental fund or proprietary fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- ❖ In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The following table summarizes the County's major and non-major funds used for its government-wide financial statements.

Fund	Governmental Funds		Proprietary Funds	
	Major	Non-Major	Major	Non-Major
General				
Human Services				
Debt Service				
Capital Projects				
Board of Health				
Library				
Land Information				

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

Fund	Governmental Funds		Proprietary Funds	
	Major	Non-Major	Major	Non-Major
Bridge Aid				
CDBG Business Loan				
CDBG Housing Loan				
CDBG HOME Loan				
Commerce Revolving				
Scheidegger Trust Fund				
Redaction Fund				
DaneCom				
Airport				
Highway				
Solid Waste				
Badger Prairie				
Printing & Services				
Methane Gas				

**Accounting and Budgeting Basis**

Governmental funds, expendable trust funds and agency funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgements, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Proprietary funds and non-expendable trust funds are accounted for on the accrual basis. Revenues are recognized in the period in which they are earned; expenses are recognized in the period incurred.

For all funds, the basis of budgeting is the same as the basis of accounting.

**BASIS OF BUDGETING AND FUND STRUCTURE (continued)**

Dane County budgets on a line item basis. The line item budget separately lists each expenditure and revenue item for each program, along with the dollar amount for each item. These line items are summarized into broad expenditure and revenue categories for presentation in the budget document. Expenditures are summarized as Personal Services, Operating Expenditures, Contractual Services and Operating Capital. Revenues are summarized as Federal, State, Program, Other and Equity.

The table on the following page lists the county departments and what funds they are accounted for in.