

D.C. LAW 3-70

DISTRICT OF COLUMBIA FUND ACCOUNTING ACT OF 1980

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JUNE 14, 1980

To establish the fund accounting framework and financial policy for the District of Columbia.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act be cited as the "District of Columbia Fund Accounting Act of 1980".

Sec. 2. The Council of the District of Columbia finds that:

(a) the diversity of governmental functions, activities, and programs requires that they be accounted for in several different funds and that the funds represent separate accounting entities:

(b) the number of funds should be kept to the minimum necessary for sound financial administration;

(c) the financial information and reporting needs can vary depending on the specific requirements of agency management, the Mayor, the Council, grantors, and the public;

(d) change is increasingly a major factor in governmental accounting and reporting and the District must be capable of responding to these changes;

(e) control and accountability over District resources is a primary function of all public section 448(2) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 801; D.C. Code, sec. 47-226(2)) has the authority and responsibility for monitoring systems of accounting;

(f) the financial accounting of the District and the systems supporting this accounting must provide for timely, accurate, and full and complete financial disclosure;

(g) the fund structure and the financial systems and related accounting policies, practices, and procedures must provide information to demonstrate compliance with applicable laws and administrative regulations and enable the District to report its financial activities in accordance with generally accepted accounting principles;

(h) section 4(a) of an Act to provide for an independent audit of the financial condition of the government of the District of Columbia, approved September 4, 1976 (90 Stat. 1208; D.C. Code, sec. 47-120-2(a)) requires that for the fiscal year beginning October 1, 1979, that financial statements should be prepared in accordance with generally accepted accounting principles;

(i) as an outgrowth of the study and activities of the Temporary Commission on Financial Oversight of the District of Columbia, a proposed fund structure for the District has been recommended that will provide a modern financial systems base for sound financial management of the District, and preparation of financial statements in accordance with generally accepted accounting principles;

(j) the said system requires certain changes in the current fund structure of the District of Columbia; and

(k) the Council intends to adopt said fund structure and policies in order to respond to change and meet the information

needs of the various users of financial information to assist the Mayor to design, implement and operate the financial systems and policies, procedures, practices and controls necessary for the sound financial management and administration of the District in a manner consistent with generally accepted accounting principles.

Sec. 3. For purposes of this act:

(a) the term "Mayor" means the Mayor of the District of Columbia;

(b) the term "Council" means the Council of the District of Columbia;

(c) the term "Fund" means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attained certain objectives in accordance with special regulations, restrictions, or limitation;

(d) the term "Fund Type" means grouping or classification of funds of similar character or purposes;

(e) the term "Fund Category" means groupings or classifications of fund types of similar character or purposes;

(f) the term "Account Group" means a grouping of accounts as provided in section 4(c);

(g) the term "Fixed Asset" means capitalized, tangible, long lived assets which are of significant value. General fixed assets are District fixed assets not recorded in a specific fund; and

(h) the term "Generally Accepted Accounting Principles" (GAAP) means uniform minimum standards of or guidelines to financial accounting and reporting which are promulgated by recognized authoritative accounting organizations or entities, such as, but not limited to, the financial Accounting Standards Board (FASB) and to predecessor organizations, the American Institute of Certified Public Accountants (AICPA), the National Council on Government Accounting (NCGA), the Securities and Exchange Commission (SEC) and the Comptroller General of the United States.

Sec. 4. Effective October 1, 1979, for purposes of accounting and financial reporting the District of Columbia shall utilize a fund structure organized into the following Fund Categories, Fund Types, and Account Groups:

(a) Fund Categories - All Funds of the District of Columbia shall be classified and maintained by the Mayor into one (1) of the following three (3) categories:

(1) Governmental Funds - These funds shall be composed of accounts for the Acquisition, use and balance of the District's expendable financial resources and the related current liabilities except those funds accounted for in Proprietary Funds. The Governmental Fund category shall include the following fund types:

- (A) General;
- (B) Capital Projects; and
- (C) Debt Service.

(2) Proprietary Funds These funds shall be composed of activities which are intended to be monitored in a manner similar to those found in the private sector. The assets,

liabilities, equities, revenues, expenses, and transfers shall be separately accounted for in such fund and be maintained separately for the general fund of the District of Columbia in accordance with the legal requirements applicable to such fund or in accordance with generally accepted accounting principles applicable to such funds. The following fund types shall be considered proprietary funds:

- (A) Enterprise Funds;
- (B) Municipal University Fund;
- (C) Internal Services Funds; and
- (D) Hospital Fund.

(3) Fiduciary Funds - These funds shall consist of assets held by the District of Columbia in a trustee capacity or as an agent for individuals, private organizations, other governmental units or for similar types of purposes. This category shall include the following fund types:

- (A) Trust Funds; and
- (B) Agency Funds.

(b) Fund Types. The Mayor maintain nine (9) fund types within the fund categories established in section 4(a) as follows:

(1) The General Fund to account for all financial resources except those required to be accounted for in another fund.

(2) Capital Projects Fund to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary or fiduciary funds.

(3) Debt Service Funds to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt;

(4) Enterprise Funds to account for operations that are financed and operated in a manner similar to private business enterprises; or where it has been determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance public policy, management control, accountability, or other purposes.

(5) Internal Service Funds to account for the financing of goods or services provided by the fund to other departments, agencies or funds of the District, or to other governmental units, on a cost-reimbursement or fee for service basis.

(6) Municipal University Fund to account for the functions and activities of the University of the District of Columbia and its constituent funds.

(7) Hospital Fund to account for the function and activities of the D.C. General Hospital.

(8) Trust Funds to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds or similar nature.

(9) Agency Funds to account for assets held by the District in a custodial capacity as an agent for individuals, private organizations, other government units, and/or funds of a similar nature.

(c) Account Groups The Mayor shall maintain two (2) account groups: (A) the General Fixed Asset Group of Accounts and (B) the General Long Term Debt Group of Accounts, to establish account control and accountability for the District's general fixed assets not accounted for in a specific fund and the

unmatured principal of its general obligation long-term debt and any other non-current liabilities of the District not accounted for in a specific fund:

(1) The General Fixed Asset Group of Accounts shall be used to record the District's capitalized general fixed assets which are not recorded in proprietary or fiduciary funds. Fixed assets related to specified proprietary funds or fiduciary funds will be accounted for through those funds.

(2) The General Long Term Debt Group of Accounts shall be used to record the unamatured principal of general obligations long-term debt and any other non-current general long-term liabilities which are not recorded in another proprietary or fiduciary fund. Non-current liabilities or proprietary funds, and fiduciary funds will be accounted for through those funds.

Sec. 5. (a) Beginning October 1, 1979, the District will account for an report on, unless specifically noted in financial transactions in accordance with generally accepted accounting principles.

(b) The systems, procedures and controls established by the Mayor shall permit the District to demonstrate and report on compliance with legal requirements and contractual agreements as well as generally accepted accounting principles.

Sec. 6. (a) The Mayor shall be responsible for the future classification of any funds and accounts within the appropriate fund types and fund categories as set forth in this act.

(b) Classification by the Mayor shall be consistent with generally accepted accounting principles.

(c) The Mayor shall furnish the Council notice of his or her classification at the time of the submission of the annual budget for the District of Columbia government as provided in section 442(a) of the District of Columbia Self-Governemnt and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 798; D.C. Code, sec. 47-221(a)).

(d) The Mayor, pursuant to sections 447, 448, and 449 of the District of Columbia Self-Government and Governmental Reorganizaiton Act, approved December 24, 1973 (87 Stat. 801; D.C. Code, secs. 47-225 - 47-227) shall be responsible for developing and implementing appropriate accounting policies and procedures to carry out the purposes of this act, including all steps necessary to establish the systems and internal procedures and controls necessary to assure proper application of the policies and procedures and appropriate proceedings for monitoring such system.

(e) The financial statement submitted by the Mayor to the Council pursuant to section 448(4) of the District of Columbia Self-Governemnt and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 802; D.C. Code, sec. 47-226(4)) shall identify any changes in accounting principals and policies followed by the District, the reasons therefore, and the practical effect of the changes.

(f) to the maximim extent possible, common terminology and classifications will be used in the budgeting, accounting and reporting process.

Sec. 7. (a) Section 16(b) of the District of Columbia Securities Act approved August 30, 1964 (78 Stat. 632; D.C. Code, sec. 2-2415(b)) is repealed.

(b) Subsection (i)(1) of the first section of an Act to grant additional owners to the Commissioners of the District of Columbia, and for other purposes, approved December 20, 1944 (58 Stat. 819; D.C. Code, sec. 1-244(i)(1)) is amended by striking the second and third sentences and inserting the following sentence: "All receipts from the sale of such material shall be deposited in the General Fund." in lieu thereof.

(c) Section 4 of Article II of an Act entitled to Create a Recreation Board for the District of Columbia, to define its duties and for other purposes, approved April 29, 1942 (56 Stat. 263; D.C. Code, sec. 8-211) is repealed.

(d) Moneys maintained in miscellaneous trust funds pursuant to section 4 of the District of Columbia Appropriation Act, 1945, approved June 28, 1944 (58 Stat. 531; D.C. Code, sec. 7-1238) shall transfer hereafter be deposited in the General Fund.

(e) The District of Columbia Boxing and Wrestling Commission Act, effective October 8, 1975 (D.C. Law 1-20; (D.C. Code, sec. 2-1231 et seq.) is amended as follows: (1) Section 8(a) (D.C. Code, sec. 2-1237(a)) is amended to read as follows: "(a) All receipts of the Commission shall be deposited to the General Fund."; (2) section 8(e) (D.C. Code, sec. 2-1237(e)) is amended by striking the phrase "and the financial condition of the trust fund"; and (3) section 3(b) (D.C. Code, sec. 2-1237(n)) is repealed.

(f) There is transferred to the Motor Vehicle maintenance Fund an unexpended balance in the Maintenance and Repair of Vehicles Fund, established by section 18 of the District of Columbia Appropriation Act, 1955, approved July 1, 1954 (68 Stat. 396; D.C. Code, sec. 47-136).

(g) There is transferred to the Department of General Services Internal Service Fund, or successor fund established by the Mayor, any unexpended balances in the working capital fund for printing, duplicating and photographing established by the District of Columbia Appropriation Act, 1956, approved July 5, 1955 (69 Stat. 263; D.C. Code, sec. 47-137) and the educational surplus property fund, established by an Act to establish an educational agency for surplus property within the government of the District of Columbia, and for other purposes, approved August 16, 1950 (64 Stat. 450; D.C. Code, sec. 31-1301 et seq.).

(h) The Mayor is authorized to establish for accounting and financial reporting purposes a Water and Sewer Enterprise Fund in accordance with generally accepted accounting principles.

(i) The enumeration contained in this section shall not be construed so as to limit the Mayor's authority with respect to classification and establishment of appropriate accounting procedures for other funds or accounts not specifically referenced.

(j) Nothing contained in the Revenue Funds Availability Acts of 1975, effective January 22, 1976 (D.C. Law 1-42; D.C. Code, sec. 47-130) shall prevent the Mayor from accounting for revenues and expenditures in accordance with generally accepted accounting principles.

(k) The District of Columbia Public School Food Services Act, approved October 8, 1951 (65 Stat. 367; D.C. Code, sec. 31-1401 et seq.) is amended as follows: (1) section 2(e) of title I (D.C. Code, sec. 31-1402(e)) is amended by striking the phrase "which shall be deposited in the fund created by section 4 of

this Act"; (2) section 5 of Title I (D.C. Code, sec. 31-1404) is amended to read as follows: "All revenues and receipts of any nature whatever derived from the operation of food services, or as otherwise provided by this Act shall, under regulations established by the Mayor, be paid to the D.C. Treasurer and deposited in the General Fund, and accounted for within the General Fund as a separate revenue source allocable to provide authorization for such school authority as the Board of Education may approve. Any unexpected balance at the end of the year shall be reserved as a restricted fund balance and used to provide authorization to expend for subsequent years subject to the direction of the Board of Education."; (3) section 7 of title I (D.C. Code, sec. 31-1406) is repealed; and (4) section 8 of title I (D.C. Code, sec. 31-1407) is amended by striking the phrase "fund created by section 5 hereof" and inserting the phrase "the General Fund as provided in section 5" in lieu thereof.

(l) Section 2 of the Home Purchase Assistance Fund Act of 1978, effective September 12, 1978 (D.C. Law 2-103; D.C. Code, sec. 45-1801) is amended by striking all that follows the numeral (\$1,000,000) and inserting the following: "and accounted for in the General Fund as a separate revenue source allocable to provide financial assistance to the residents of the District of Columbia of lower incomes for the purposes of enabling them to purchase decent, safe, and sanitary homes in the District of Columbia. Any unexpended balance at the end of the year shall be reserved as a restricted fund balance and used to provide authorization to expend for subsequent years subject to the direction of the Mayor." in lieu thereof.

(m) Section 1(b)(1) of The Act to provide for the abatement of nuisances in the District of Columbia by the Commissioners of the said District, and for other purposes, effective January 5, 1980 (D.C. Law 3-45; D.C. Code, sec. 5-313(b)(1) is amended to read as follows: "(b)(1) There is established in the District of Columbia and accounted for within the General Fund as a separate revenue source allocable to provide authorization for the purpose of paying the costs of correction of any condition, and all expenses incident thereto, that the Mayor may order or cause pursuant to subsection (a). Any unexpended balance at the end of the year shall be reserved as a restricted fund balance and used to provide authorization to expend for subsequent years subject to the direction of the Mayor."

(n) Section 1 of An Act To fix the responsibilities of the Disbursing Officer and of the Auditor of the District of Columbia, and for other purposes, approved July 30, 1950 (65 Stat. 124; D.C. Code, sec. 47-112a), relating to the examination and certification of records, is repealed.

(o) An Act to establish a District of Columbia purposes approved June 4, 1948 (62 Stat. 339; D.C. Code, sec. 2-170 et seq.) is amended as follows: (1) by striking the phrase "Armory Board working Capital Fund" in section 6(i) (D.C. Code, sec. 2-1706(i)) and inserting the phrase "Starplex Fund" in lieu thereof; (2) by striking section 7 (D.C. Code, sec. 2-1707) in its entirety; (3) by striking the first three sentences of section 8 (D.C. Code, sec. 2-1708) and inserting the following sentences which read as follows: "There is established a Starplex Fund into which shall be deposited all receipts derived from the exercise by the Armory Board of the powers granted by this Act and the District of Columbia Stadium Act of 1957, approved September 7, 1957 (7) Stat. 621; D.C. Code, sec. 2-1720

et seq.). The Starplex fund shall be an enterprise fund as defined in section 4(b)(4) of the District of Columbia Fund Accounting Act of 1980 and shall be used for all expenses incurred by the Armory Board in the exercise of the powers granted by this Act and the District of Columbia Stadium Act of 1957."; (4) by striking the phrase "Armory Board working capital fund" each place it appears in the fourth and sixth sentences of section 8 (D.C. Code, sec. 2-1708) and inserting the phrase "Starplax fund" in lieu thereof; (5) by striking the phrase "general revenues" in the fourth sentence of section 8 (D.C. Code, sec. 2-1708) and inserting the phrase "General Fund" in lieu thereof; (6) by striking the last sentence of section 8 (D.C. Code, sec. 2-1708); and (7) by adding immediately following section 8 (D.C. Code, sec. 1708) the following new section to read as follows: "Sec. 8a. All assets held in the Armory Board working capital fund, the canteen fund of the District of Columbia National Guard, and the Stadium operating fund shall be transferred to the Starplex fund established in section 8: PROVIDED, That the assets in the canteen fund and any funds derived from the operation of the canteen fund and any funds derived from the operation of a canteen in the Armory for the use and benefit of the District of Columbia National Guard shall inure to the benefit of the District of Columbia National Guard."

(p) Section 6(a) of the District of Columbia Stadium Act of 1967, approved November 7, 1957 (71 Stat. 621; D.C. Code, sec. 2-1724) is amended as follows: (1) by striking the phrase "an operating fund" in the first sentence and inserting the phrase "the Starplex Fund established by section 8 of An Act to establish a District of Columbia Armory Board, and for other purposes" in lieu thereof; (2) by striking the third, fourth, fifth sentences thereof; and (3) by striking the phrase "operating fund" in the sixth sentence and inserting the phrase "Starplex fund" in lieu thereof.

Sec. 8. (a) Nothing in this act shall be construed as impinging upon or otherwise superseding the authority otherwise vested by law in independent agencies or instrumentalities of the District of Columbia.

(b) Nothing in this act shall be construed to prohibit the Mayor from establishing accounts within funds, to the same extent that he or she was authorized prior to the passage of this act.

(c) The Mayor shall promptly advise the Council of any changes in the financial management system required pursuant to section 2 of an Act to provide for an independent audit of the financial condition of the government of the District of Columbia, approved September 4, 1976 (90 Stat. 1205; D.C. Code, sec. 47-101 note).

Sec. 9. The Mayor is authorized to establish such systems as may be required for the accounting and certification of financial obligations of the District of Columbia government and may, through delegations and designations of District government officials and agencies (identified by name in the District of Columbia Register prior to such delegation or designation), provide for the decentralized audit and approval before payment of bills, invoices, payrolls, and other evidence of claims, demands, or charges against the District of Columbia government.

Sec. 10. This act shall take effect after a thirty (30) day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c) (1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code, sec. 1-147(c) (1)).

Source

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia Adopted Bill No. 3-197, on first and second readings, March 13, 1980 and April 1, 1980 respectively. Following the signature of the Mayor on April 25, 1980, this legislation was assigned Act No. 3-176, published in the May 2, 1980, edition of the D.C. Register, (Vol. 27 page 1776) and transmitted to Congress on April 30, 1980 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and, therefore, cites the following legislation as D.C. Law 3-70, effective June 13, 1980.