

Governmental Funds

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

Table of Contents

Governmental Funds	3
--------------------------	---

Governmental Funds

Reference Number:
MTAS-1792

According to the GAAFR (the Blue Book), governmental funds are “used to account for activities primarily supported by taxes, grants, and similar revenue sources.” Within the category of Governmental Funds, there are five types: General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

While there is only one General Fund, which is the primary operating fund, there can be several of each of the other types of governmental funds. For example, you may have multiple special revenue funds for specific revenue sources that are restricted for specific purposes: State Street Aid Fund, Drug Fund, etc. You also may have multiple debt service funds, such as those that account for long-term debt: General Obligation Bond Fund, General Debt Service Fund, etc.

Likewise, the city may have multiple capital projects funds that are set aside for acquisition and/or construction of capital facilities and other capital assets: City Hall Capital Project Fund, Fire Truck Capital Project Fund, Ballpark Improvement Fund, etc. Finally, there can be multiple permanent funds: Cemetery Perpetual Care Fund and School Endowment Fund, for example.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

Source URL (retrieved on 01/26/2021 - 11:38am): <https://www.mtas.tennessee.edu/reference/governmental-funds>

MTAS