
FINANCIAL STRUCTURE AND BASIS OF BUDGETING

Financial Structure

The City of Clayton's accounts are organized on the basis of fund 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 comprise its cash (fund balance), revenues and expenditures or expenses.

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. All City funds are appropriated by the Mayor and Board of Aldermen. The acquisition uses and balances of the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the City's budgeted governmental funds (see individual fund sections for additional information).

- General Fund – The General Fund is the operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for by a separate fund.
- Special Revenue Funds – Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.
 - Sewer Lateral Fund – used for the recording of Sewer Lateral fees imposed on all residential property located within the City limits having six or less dwelling units, to fund repairs on defective lateral sewer lines.
 - Special Tax District – used to provide funding for appropriate economic development activities in the Central Business District.
- Debt Service Funds – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

- Capital Improvement Program Funds –
 - Capital Improvement Fund – used to account for revenue from a one-half cent Capital Improvement sales tax, a one-half cent Parks and Stormwater sales tax, the St. Louis County Road & Bridge Tax, intergovernmental grants and transfers from other funds. The revenue in this Fund is earmarked for specific capital improvements, infrastructure needs and debt service.

Basis of Budgeting

The budgets of governmental funds are prepared on a modified accrual basis of accounting. Briefly, this means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they are available and measurable. The term “available” is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City’s finances on the basis of “generally accepted accounting principles” (GAAP). In most cases this conforms to the manner the City prepares its budget. The only exception is compensated absences that are expected to be liquidated with expendable available financial resources which are accrued as earned by employees (GAAP), as opposed to being expended when paid (Budget). In addition, gains or losses on investments, depreciation and amortization are not considered budgetary accounts, and are excluded from the budgeting system.