Accounting System Must Provide

- What has happened
- What is happening
- Orderly analysis of financial condition
- Audit trail - trace back to origin documentation

Uniform Classification

- Budgeting
- Accounting
- Reporting
### DEFINITIONS OF FUNDS

**General Fund (A)**
The General Fund is used to account for the ordinary day-to-day operations of the fire district financed through taxes and other general revenues.

**Reserve Funds (R) [Cash Basis only]**
Are used to account for proceeds that are legally restricted to expenditures for specified purposes.

**Capital Projects (H)**
Accounts for financial resources to be used for the construction of capital facilities or acquisition of Equipment.

**Debt Service (V)**
Accounts for the accumulation of resources for the payment of principal and interest on long-term debt.

---

**Fiduciary Funds**
A fund used to account for assets held by a Fire District in a trustee capacity, or as an agent for individuals, organizations, or other governments or funds.

**Supplemental Schedules**

- **Non-Current Governmental Assets (K)**
  This schedule is used to account for capital assets, such as buildings, equipment, etc. (value set by Commissioners).

- **Non-Current Governmental Liabilities (W)**
  This schedule is used to account for long-term debt, such as bonds, compensated absences and other long-term obligations.

---

**Basis of Accounting**
Cash - Single Entry - under $500,000 of revenue.

Modified Accrual - Double Entry - over $500,000 of revenue.

Revenue definition does not include interfund transfers or debt proceeds in determining thrush hold.
Cash vs Modified Accrual

**Cash Basis:**
- Only when cash is actually received or disbursed

**Modified Accrual Basis:**
- Revenues recorded when Measurable and Available
  - Measurable: The ability to reasonably estimate the amount of revenue.
  - Available: Revenue collectable within the fiscal year or “close enough” after the end of the fiscal year to pay current liabilities.
  - Governing Board should define the period of time to be used and apply consistently year to year.
  - If measurable but not available, record as deferred revenue
- Expenditures are recognized when a liability is incurred if measurable.

---

**MODIFIED ACCRUAL cont’d**

**Expenditures - Modifications and Alternatives**
- Debt Principal and Interest
  - Charged as expenditure when due and paid
- Prepaid items (optional, with the exception of NYS Retirement System)
- Inventory (optional)

---

**ACCOUNTS**

- Account coding consists of a letter and a number
- The letter designates the Fund:
  - For example, (A) represents the General Fund.
- The number identifies if it is a general ledger, revenue or expenditure account.

For the complete Chart of Accounts (NYS Fire District Accounting & Reporting Manual) go to:
http://www.osc.state.ny.us/localgov/pubs/chartacctg.htm

To access an online Chart of Accounts query service, go to:
http://wwe1.osc.state.ny.us/acctlookup/accountlookup.cfm
ACCOUNTS cont’d

Modified Accrual (only)

• GENERAL LEDGER
  General Ledger Accounts are three (3) Numerical Digits.
  100-499 Assets
  600-699 Liabilities
  800-999 Reserves & Fund Balance

Examples:
A200 represents; General Fund (A), Cash in Checking Account.
A600 represents; General Fund (A), Accounts Payable.
A878 represents; General Fund (A), Capital Reserve

ACCOUNTS cont’d

• REVENUE
  Revenue Accounts are four (4) Numerical Digits.
  - Revenue Accounts are arranged by the source of the revenue & Fund.
    1000-2999 Local Source
    3000-3999 State Sources
    4000-4999 Federal Sources
    5000-5999 Inter-fund Transfers & Proceeds from Debt

Examples:
A1001 Real Property Taxes (A) General Fund.
A2701 Refund of Prior Year’s Expenditure
A3960 State Aid – Emergency Disaster
A4389 Federal Aid – Public Safety
H5710 Serial Bonds (H) Capital Projects Fund

ACCOUNTS cont’d

• EXPENDITURES
  Expenditure Accounts are five (5) Digits.
  - Expenditure accounts identify the function and object.
    - The first four (4) digits represent the function:
      1000-1999 General Government Support
      2000-2999 Education
      3000-3999 Public Safety
      4000-4999 Health
      5000-5999 Transportation
      6000-6999 Economic Assistance and Opportunity
      7000-7999 Culture and Education
      8000-8999 Home and Community Services
      9000-9099 Employee Benefits
      9700-9799 Debt Service
      9900-9999 Inter-fund Transfer
ACCOUNTS cont’d

EXPENDITURES cont’d
The fifth (5) digit represents the object:
1. Personal Services/Wages
2. Equipment and Capital Outlay
4. Contractual
6. Debt principal
7. Debt interest
8. Employee Benefits
9. Inter-fund Transfers

Example A3410.2 Fire – Equip. & Capital Outlay
A3410.4 Fire – Contractual

* Chapter 3, Page 9 – OSC Accounting Manual
(examples of expansion codes)

EXPENDITURES cont’d
The fifth (5) digit for object can be expanded to provide greater detail.

EXAMPLE:
.4 Contractual could be expanded to include:
.401 Office Supplies
.402 Travel
.403 Training
.404 Utilities

Questions?

info@afdsny.org
www.afdsny.org