

SECTION 13: FUND ACCOUNTING

Agency Responsibilities

INTRODUCTION

Agency Responsibilities provides general guidelines for accounting responsibilities that agencies have for funds assigned to them. The Division of Finance is responsible for creating and maintaining the fund structure in AKSAS. Once a fund is established, transactions are recorded by the oversight agency so the fund accurately reflects balances as of specific dates, especially at the end of the fiscal year. The Division of Finance plays an important role in approving interfund transactions and recording year-end entries so balances for the fund are properly presented in the state's Comprehensive Annual Financial Report (CAFR).

Refer to the *Alaska Administrative Manual (AAM) 20.010 - 20.110 - Funds* for more information.

AKSAS TRANSACTIONS

410-96:	Agency Finance Journal Entry
430-11:	Agency Journal Entry
430-25:	Accounts Receivable Journal Entry

PROCEDURES

I. Record accounting entries to the fund.

A. Agencies are responsible for routine and periodic accounting entries that are recorded to the funds for which they have oversight authority. Accounts to which agencies may record transactions in order to properly reflect fund balances include:

- Accounts receivable
- Notes receivable
- Accrued interest receivable
- Federal grants receivable
- Inventories
- Loans receivable
- Allowance for doubtful accounts
- Judgements
- Repossessed property
- Plant in service
- Accumulated depreciation
- Accounts payable
- Long-term notes payable and bonds payable
- Contributed capital
- Reserves and designations of retained earnings

Refer to *Accounting Entries* in this Section for information on recording fund transactions.

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- B. All interfund transactions where funds are transferred from one entity to another require RD 120 approval. Examples of interfund transactions include transfers of funds as a funding source, operating transfers, and residual equity transfers authorized in legislation. Submit a screen print of the transaction and related supporting documentation to the Division of Finance, Accounting Services section for RD 120 approval.
- C. Agency personnel work with their Division of Finance Accountant to ensure that appropriate accrual, reversing, and correcting journal entries are recorded for the fund at fiscal year-end.

II. Reconcile account balances for the fund.

- A. Request AKSAS balance sheets and/or trial balances as needed (i.e., monthly, quarterly, and/or at fiscal year-end).
- B. Prepare reconciliations of pertinent account balances in accordance with agency policies and procedures. The account balances on AKSAS for a fund should be reconciled to balances according to external accounting subsystems or externally prepared statements. For example, for an agency that maintains a loans receivable portfolio, the balance for the loans receivable would be reconciled on a monthly or quarterly basis, depending on the size and activity of the loan portfolio. The loans receivable account balance on AKSAS should agree to the total for the loan portfolio according to a report generated by the computer system used to manage the loans.
- C. Typically, the accounts Cash and Investments, Due To Other Funds, Due From Other Funds, and Warrants Outstanding cannot be reconciled internally. Cash and Investments are handled by the Division of Treasury. Most of the Due To/Due From Other Funds activity is recorded by the Division of Finance during the CAFR process. When agencies review AKSAS balances for a fund, they should assume that the balances for accounts controlled by the Divisions of Treasury and Finance are correct.

III. Establish policies and procedures to assure proper fund accounting.

Agencies that record transactions to specific funds should have policies and procedures in place to make certain activity is properly recorded in accordance with generally accepted accounting principles as they pertain to fund accounting. An example of a policy is that account reconciliations are performed monthly and are reviewed for accuracy and completeness by the preparer's supervisor.

Also, agencies need to have policies and procedures in place to ensure financial statements for their funds are prepared as required by statute, bond indentures, etc.

IV. Contact the Division of Finance with questions about fund accounting.

Financial statements for all funds of the state are included in the CAFR. Some financial statements are prepared by the oversight agencies while others may be prepared by private accounting firms. Each year the Division of Finance notifies agencies responsible for preparing financial statements for funds included in the Comprehensive Annual Financial Report. If there are questions regarding fund accounting or financial statement preparation, contact your Division of Finance Accountant. This is especially important when accrual and correcting journal entries are recorded to prepare CAFR financial statements.