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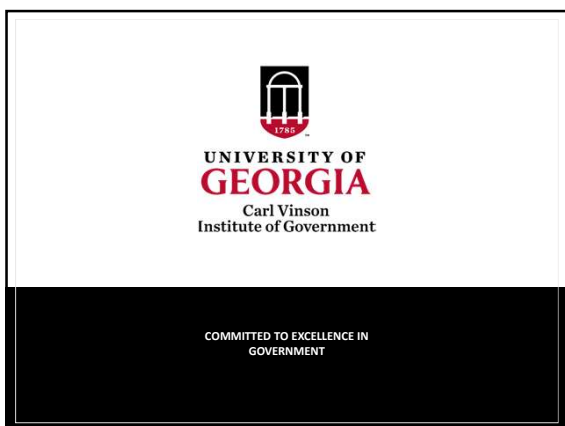
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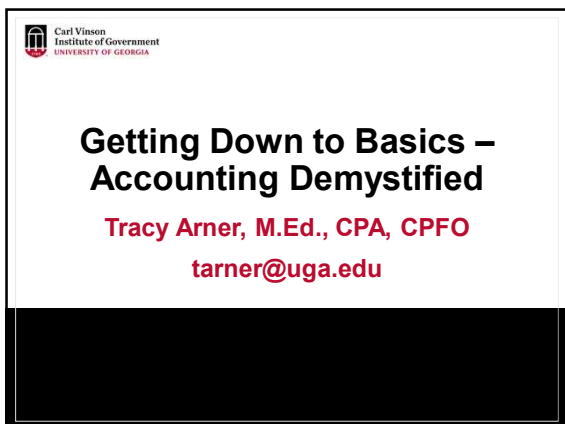
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### Learning Objectives

At the end of this session, you will be able to –

- Define key accounting terminology
- Identify basic financial reports
- Discuss best practices for day-to-day accounting tasks

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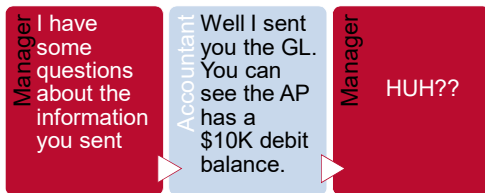
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### Scenario



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### Language of Accounting



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### Debits and Credits

IS	NOT
<ul style="list-style-type: none"> <li>• Change account balances</li> </ul>	<ul style="list-style-type: none"> <li>• Single way to communicate account balances</li> </ul>

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### Debit and Credit Rules

Account	Normal Balance	Increase	Decrease
Asset	Debit	Debit	Credit
Liability	Credit	Credit	Debit
Fund Equity	Credit	Credit	Debit
Revenues	Credit	Credit	Debit
Expenses	Debit	Debit	Credit

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### Accounting Records

General Journal – book of original entry using account numbers and transaction amounts

General Ledger – book of final entry for each account in the journal

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### General Journal

General Journal				
Date	Account Description	Acct No	Debit	Credit
15-Jul	Investments	102	\$ 475.00	
	Cash	101		\$ 475.00

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### General Ledger (GL)

General Ledger				
Account Description - Cash				
Account Number - 101				
Date	Debit	Credit	Debit Balance	Credit Balance
1-Jul			\$ 100,532.00	
5-Jul	\$ 300.00		\$ 100,832.00	
15-Jul		\$ 475.00	\$ 100,357.00	
31-Jul		\$ 28,808.10	\$ 71,548.90	

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### Posting

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### Trial Balance

Listing of all accounts and their balances

XYZ Company Trial Balance June 30, 2022			
Account	Description	Debit	Credit
101	Cash	\$ 77,011.98	
111	Accounts Receivable	\$ 34,604.22	
201	Accounts Payable		\$ 12,454.63
211	Salaries and Withholdings		\$ 25,180.83
301	Fund Equity		\$ 41,189.23
401	Program revenue		\$ 427,829.01
501	Salaries and Benefits	\$ 281,863.00	
601	Contractual Services	\$ 106,983.02	
671	Repairs and Maintenance	\$ 29,111.39	
<b>Totals</b>		<b>\$ 528,573.30</b>	<b>\$ 528,573.30</b>

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### Standards

**GASB – Governmental Accounting Standards Board**

**FASB – Financial Accounting Standards Board**

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### Basis of Accounting

**3 Types**

<p><b>Cash</b> Recognize transaction when cash is received or disbursed</p>	<p><b>Accrual</b> Recognize revenue measurable/earned Recognize expense measurable/incurred</p>	<p><b>Modified Accrual</b> Revenues and expenses may be a combination of cash and accrual basis</p>
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## Basic Accounting Reports



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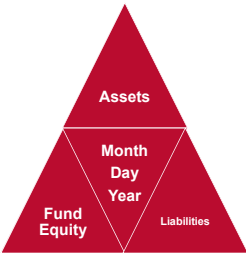

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## Balance Sheet

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## Balance Sheet

XYZ Company  
Balance Sheet  
6/30/2022

<b>Assets</b>		<b>Liabilities</b>	
Cash	\$ 77,011.58	Accounts payable	\$ 32,454.63
Accounts Receivable	\$ 34,604.22	Salaries and Withholdings Payable	\$ 25,180.43
<b>Total Assets</b>	<b>\$ 111,615.80</b>	<b>Total Liabilities</b>	<b>\$ 57,635.06</b>
		<b>Fund Equity</b>	
		Fund Equity	\$ 53,980.74
		<b>Total Fund Equity</b>	<b>\$ 53,980.74</b>
		<b>Total Liabilities and Fund Equity</b>	<b>\$ 111,615.80</b>



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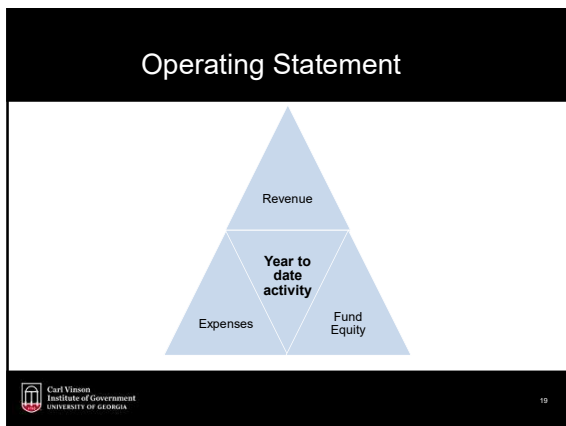
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### Operating Statement

XYZ Company  
Statement of Revenues, Expenses and Changes in Fund Equity  
For the Fiscal Year Ended June 30, 2022

<b>Revenues</b>	
Program Revenue	\$ 427,829.01
<b>Total Revenues</b>	<b>\$ 427,829.01</b>
<b>Expenses</b>	
Salaries and Benefits	\$ 281,863.09
Contractual Services	\$ 106,983.02
Repairs and maintenance	\$ 29,111.39
<b>Total Expenses</b>	<b>\$ 417,957.50</b>
<b>Excess Revenues Over Expenses</b>	<b>\$ 9,871.51</b>
<b>Beginning Fund Equity</b>	<b>\$ 44,109.23</b>
<b>Ending Fund Equity</b>	<b>\$ 53,980.74</b>

Surplus

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XYZ Company  
Statement of Revenues, Expenses and Changes in Fund Equity  
For the Fiscal Year Ended June 30, 2022

<b>Revenues</b>	
Program Revenue	\$ 427,829.01
<b>Total Revenues</b>	<b>\$ 427,829.01</b>
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Salaries	\$ 281,863.09
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Repairs and maintenance	\$ 29,111.39
<b>Total Expenses</b>	<b>\$ 417,957.50</b>
<b>Excess Revenues Over Expenses</b>	<b>\$ 9,871.51</b>
<b>Beginning Fund Equity</b>	<b>\$ 44,109.23</b>
<b>Ending Fund Equity</b>	<b>\$ 53,980.74</b>

<b>XYZ Company Balance Sheet 6/30/2022</b>	
<b>Assets</b>	<b>Liabilities</b>
Cash \$ 77,011.58	Accounts payable \$ 32,454.63
Accounts Receivable \$ 34,604.22	Salaries and Withholdings Payable \$ 25,180.43
<b>Total Assets \$ 111,615.80</b>	<b>Total Liabilities \$ 57,635.06</b>
	<b>Fund Equity</b>
	Fund Equity \$ 53,980.74
	<b>Total Fund Equity \$ 53,980.74</b>
	<b>Total Liabilities and Fund Equity \$ 111,615.80</b>

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# Best Practices



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## Steps for Sound Financial Operations



- Balance Bank Statements Timely
- Segregate Billing, Adjusting and Collecting
- Train Finance Personnel Quickly and Continuously
- Timely Internal Financial Reporting
- Pay Payroll Taxes Timely



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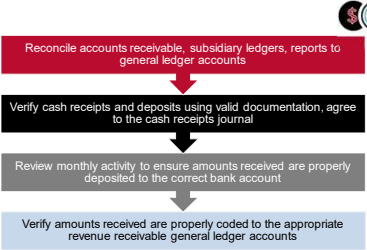
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## Revenues, Receivables and Receipts



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### Expenditures, Liabilities and Disbursements

**Reconcile** Outstanding Payable Vendor balances to the ending balances on the general ledger (ensure that liabilities are recorded in the correct accounting period)

**Verify** all system generated and manual checks issued during the month are accounted for by numerical sequence

**Examine** any purchasing/credit card statements and confirm that each transaction amount is in compliance with the thresholds established by policy and supporting documentation is available

**Individual** not directly involved in disbursement process should review documentation supporting goods or services received and correct coding of disbursement prior to release of disbursements

**Documentation** supporting monthly payroll and fringe benefits payments should be reviewed and initialed to document approval

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### Internal Control – Who is Responsible?

**5 Components of Internal Control:**  
 Control Environment  
 Risk Assessment  
 Control Activities  
 Information & Communication  
 Monitoring Activities

**Categories of Objectives:**  
 Operations, Reporting, Compliance

**Levels of organizational structure:**  
 Entity, Division, Department, Position

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### Importance of Internal Control

**Meet objectives**

**Security of assets**      **Prevent errors**

**Preserve integrity**      **Protect employees**

**Compliance**      **Checks and balances**

**Establish standards**

Several valuable reasons for Internal Controls

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**Accounting Certificate**

Introductory Governmental Accounting, Part I  
Introductory Governmental Accounting, Part II

Intermediate Governmental Accounting  
Online, self-study  
OR  
Online, live  
54 Contact Hours  
\$1,407

<https://cviog.uga.edu/training-and-education/financial-training/>

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