Division of Local Government and School Accountability

Joseph Testa, Auditor 2, Local Official Training

Completing Delinquent AFRs For Fire Districts using Cash Basis Accounting

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Objectives

- Background
  - Cash Basis of Accounting
- Understanding Financial Data (Framework)
  - Compiling available data
  - Calculating fund balance
  - Categorizing/defining data (revenues/expenditures)
  - Preparing balance sheets
- OSC Filing Resources
  - Completing the Annual Financial Report (AFR)

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Fund Financial Statement

Results of Operations

Revenues	
Property Taxes	
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	

Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	
Interfund Transfers	
Unknown	

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 262,330
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 262,330
(Add) Total Revenues	$
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$

Balance Sheet	
Assets	Liabilities & Fund Balance
Cash	Fund Balance
Service Award Program Assets (A461)	Restricted for Service Award Program (A895)

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Single Entry Cash Basis Accounting Explained

- May be used by fire districts with less than $500,000 of annual revenue.
- Financial transactions are recorded when cash has been received or disbursed.
  - Eliminates the use of receivables & payables.
  - Reserves are reported in a separate (R) Fund.
- Writing a check should be thought of as *money disbursed* even while the check is still *outstanding.*

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Single Entry Cash Basis Accounting Requires Fewer Journal Entries than Modified Accrual

Expenditure Recognition				
Date	**Transaction**	**Proprietary/ Fiduciary (Full Accrual)**	**Governmental (Modified Accural)**	**Governmental (Cash Basis)**
12/15	Issued Purchase Order	Debit Expenditure Credit Payable	Debit Encumbrances Credit Reserve for Encumbrances	Nothing
12/16	Receive Invoice (Bill)	Nothing	Debit Reserve for Encumbrances Credit Encumbrances Debit Expenditure Credit Payable	Nothing
12/18	Pay Invoice (Post Claims Audit)			Debit Expenditure Credit Cash

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What does cash basis mean for AFR Reporting?

The good news:

- Total expenditures and total revenues can be determined using bank statements alone.
- The only account type on the *assets* side of the balance sheet will be **end of year cash*.**
- The only account type on *liabilities and fund balance* side of the balance sheet will be **end of year fund balance.**

*Possible exception: Length of Service Award Program (LOSAP) Assets

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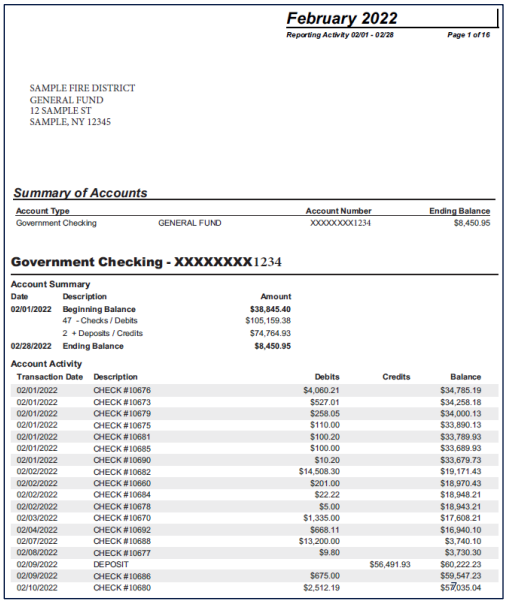
What does cash basis mean for AFR Reporting?

The bad news:

- Bank statements are limited in the amount of detail the provide.
- The description of each debit and credit may only say “Check #” or “Deposit”.
- It is up to the fire district to define these cash transactions.



February 2022

Reporting Activity 02/01 - 02/28 *Page 1 of 16*

SAMPLE FIRE DISTRICT
GENERAL FUND
12 SAMPLE ST
SAMPLE, NY 12345

Summary of Accounts

Account Type		Account Number	Ending Balance
Government Checking	GENERAL FUND	XXXXXXXX1234	$8,450.95

Government Checking - XXXXXXXX1234

Account Summary

Date	Description	Amount
02/01/2022	Beginning Balance	$38,845.40
	47 - Checks / Debits	$105,159.38
	2 + Deposits / Credits	$74,764.93
02/28/2022	Ending Balance	$8,450.95

Account Activity

Transaction Date	Description	Debits	Credits	Balance
02/01/2022	CHECK #10676	$4,060.21		$34,785.19
02/01/2022	CHECK #10673	$527.01		$34,258.18
02/01/2022	CHECK #10679	$258.05		$34,000.13
02/01/2022	CHECK #10675	$110.00		$33,890.13
02/01/2022	CHECK #10681	$100.20		$33,789.93
02/01/2022	CHECK #10685	$100.00		$33,689.93
02/01/2022	CHECK #10690	$10.20		$33,679.73
02/02/2022	CHECK #10682	$14,508.30		$19,171.43
02/02/2022	CHECK #10660	$201.00		$18,970.43
02/02/2022	CHECK #10684	$22.22		$18,948.21
02/02/2022	CHECK #10678	$5.00		$18,943.21
02/03/2022	CHECK #10670	$1,335.00		$17,608.21
02/04/2022	CHECK #10692	$668.11		$16,940.10
02/07/2022	CHECK #10688	$13,200.00		$3,740.10
02/08/2022	CHECK #10677	$9.80		$3,730.30
02/09/2022	DEPOSIT		$56,491.93	$60,222.23
02/09/2022	CHECK #10686	$675.00		$59,547.23
02/10/2022	CHECK #10680	$2,512.19		$57,035.04

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Starting Point

Review the most recently filed AFR

- How many bank accounts?
- What can the budget summary tell us?
- Was there outstanding debt?
- Was there an ongoing capital project?
- Recurring expenditures
- Recurring revenues
- Tax levy

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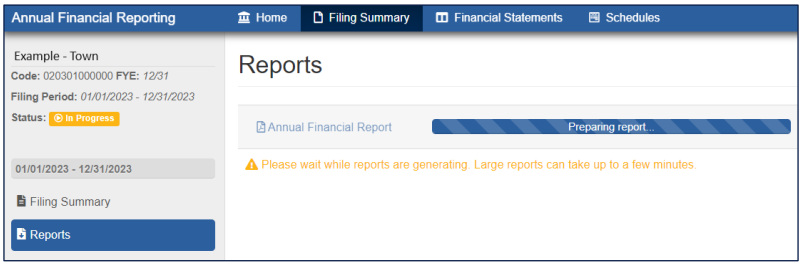
Exporting the Report to PDF

The "NOT FINAL" watermark appears on reports not yet certified by OSC





1. Navigate to the Filing Summary Page
2. Select *"Reports"* on the left-hand side
3. Click *"Annual Financial Report"*
4. PDF should open once export is complete
   - If not, check the downloads folder on your computer
   - Larger reports may take several minutes to generate

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Review Prior Year's Bank Reconciliation

Ending bank balances according to our bank *(bank balance)*

Fire District of Sample
Annual Financial Report
For the Fiscal Period 01/01/2023 - 12/31/2023

Total cash balance reported in Funds (A & R)

Bank Reconciliation

Accounts

Account No.	Account Type	Associated Fund(s)	Bank Balance	Deposits In Transit	Outstanding Checks	Adjustments	Total
1334	Checking	A	$134,676.00	$0.00	($1,200.00)	$0.00	$133,476.00
2334	Savings	R	$199,154.00	$0.00	$0.00	$0.00	$199,154.00
		Total	$333,830.00	$0.00	($1,200.00)	$0.00	$332,630.00
						Total Cash From Financials	$332,630.00

- 2 bank accounts:
  - Checking (1334) is used by the General (A) Fund.
  - Savings (2334) is used by the Reserve (R) Fund.
- Checking account (1334) reported an outstanding check of $1,200.
  - This is a 2023 expenditure that **has not yet** come out of the bank balance.
- Verify **bank balances** on 12/31/2023 bank statements (prior year).

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Verify Prior Year's Ending Cash Balance

Reserve (R) Fund: Savings account #2334

December 2023

- Note the account number, date of ending balance, and account activity.
- Does the *Ending Balance* tie out to the *Total Cash Balance* on last year's AFR?

Yes: $199,154 ties out to the Bank Reconciliation reported on our 2023 AFR.

$199,154 is also the R Fund's ***beginning of year*** Fund Balance on January 1st, 2024.

General Fund | December 2023
12 Sample St. | Reporting Activity 12/01 - 12/31
Sample, NY 12345

Summary of Accounts

Account Type	Account Name	Account Number	Ending Balance
Governmental Savings	Reserve Fund	XXXXXXXX2334	$199,154.00

Governmental Savings – XXXXXXXX2334

Account Summary

Date	Description	Amount
12/1/2023	Beginning Balance	$198,663.84
	0 - Checks / Debits	$0.00
	1 + Deposits / Credits	$490.16
12/31/2023	Ending Balance	$199,154.00

Verify Prior Year's Ending Cash Balance

General (A) Fund: Checking account #1334

December 2023

- Does this *Ending Balance* tie out to the *Total Cash Balance* on last year's AFR?

No: 2023 AFR showed a $133,476 total cash balance. The $1,200 difference is the *outstanding check*.

- Outstanding checks only appear on bank statements once they are cashed.

General Fund | December 2023
12 Sample St. | Reporting Activity 12/01 - 12/31
Sample, NY 12345

Summary of Accounts

Account Type	Account Name	Account Number	Ending Balance
Governmental Checking	General Fund	XXXXXXXX1334	$134,676.00

Governmental Checking - XXXXXXXX1334

Account Summary

Date	Description	Amount
12/1/2023	Beginning Balance	$135,669.15
	28 - Checks / Debits	$7,542.14
	1 + Deposits / Credits	$6.62
12/31/2023	Ending Balance	$134,676.00

Outstanding Checks on Prior Year's AFR

- Since these checks were written years ago, it is likely that they have been cashed.
- Bank statements often include copies of paid checks images.
  - If not, you may request this information from your bank.
- While reviewing each month's bank statement, look for cashed checks that tie out to a prior year outstanding check.
- The amount should not be counted as a current year expenditure because it was already reported on the prior year's report.

Starting Point (continued)

Identify Significant Events

- Property taxes levied
- Money added to legal reserves
- Money spent out of legal reserves
- Changes to LOSAP Assets (if applicable)
- Insurance recoveries
- Sale of equipment
- State/federal aid

Funds and Supplemental Schedules

- Review the most recently filed report and observe which funds you have.
- The General (A) Fund is where all the fire district's operating activity is reported.
- The Reserve (R) Fund is used to keep track of the fire district's legal reserves.
- The Capital Project's (H) Fund may be used when new debt is issued or if the fire district has an ongoing Capital Project.
- The General Fixed Assets (K) Schedule is used to report the value of the district's fire trucks, buildings, equipment, land, and other long-term assets.
- The Non-Current Governmental Liabilities (W) Schedule is used to report long term debt (such as bonds payable) and other long-term liabilities.



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Results of Operations

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

Fund Financial Statement (General (A) Fund)

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 262,330
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 262,330
(Add) Total Revenues	$
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$

General (A) Fund Balance Sheet

Assets		Liabilities & Fund Balance	
Cash		Fund Balance	
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380

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Results of Operations

Unverified Revenues	
Property Taxes	
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	$13,000
Unknown	

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	
Interfund Transfers	
Unknown	

Fund Financial Statement (Reserve (R) Fund)

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 199,154
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 199,154
(Add) Total Revenues	$
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$

Reserve (R) Fund Balance Sheet	
Assets	Liabilities & Fund Balance
Restricted Cash	Restricted Fund Balance

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Determine End of Year Fund Balance

Reserve (R) Fund: Savings account #2334

- Ensure this is the correct bank statement.
  - Account Number
  - Description
  - Date
- Notice no money was withdrawn this month.
- The account balance increased by $805, which is likely monthly interest.

Reserve Fund
12 Sample St.
Sample, NY 12345

December 2024
Reporting Activity 12/01 - 12/31

Summary of Accounts

Account Type	Account Name	Account Number	Ending Balance
Governmental Savings	Reserve Fund	XXXXXXXX2334	$218,934.00

Governmental Savings – XXXXXXXX2334

Account Summary

Date	Description	Amount	
12/1/2024	Beginning Balance	$218,129.00	
	0 - Checks / Debits	$0	← Expenditures
	1 + Deposits / Credits	$805	← Revenues
12/31/2024	Ending Balance	$218,934.00	

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Unverified Revenues	
Property Taxes	
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	$13,000
Unknown	

Out of Balance

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	
Interfund Transfers	
Unknown	

Fund Financial Statement (Reserve (R) Fund)

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 199,154
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 199,154
(Add) Total Revenues	$ $13,000
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$ 212,154

Reserve (R) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Restricted Cash	$218,934	Restricted Fund Balance	$218,934

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12 Months of Bank Statements

Reserve (R) Fund Checking #2334

Date	Description		Amount	Date	Description		Amount
01/01/2024	Beginning Balance		$ 199,154.00	07/01/2024	Beginning Balance		$ 214,704.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	$ -
	Revenue	1 + Deposits / Credits	$ 285		Revenue	1 + Deposits / Credits	$ 605
01/31/2024	Ending Balance		$ 199,439.00	07/31/2024	Ending Balance		$ 215,309.00
02/01/2024	Beginning Balance		$ 199,439.00	08/01/2024	Beginning Balance		$ 215,309.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	$ -
	Revenue	1 + Deposits / Credits	$ 325		Revenue	1 + Deposits / Credits	$ 645
02/28/2024	Ending Balance		$ 199,764.00	08/31/2024	Ending Balance		$ 215,954.00
03/01/2024	Beginning Balance		$ 199,764.00	09/01/2024	Beginning Balance		$ 215,954.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	$ -
	Revenue	1 + Deposits / Credits	$ 365		Revenue	1 + Deposits / Credits	$ 685
03/31/2024	Ending Balance		$ 200,129.00	09/30/2024	Ending Balance		$ 216,639.00
04/01/2024	Beginning Balance		$ 200,129.00	10/01/2024	Beginning Balance		$ 216,639.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	$ -
	Revenue	2 + Deposits / Credits	$13,485		Revenue	1 + Deposits / Credits	$ 725
04/30/2024	Ending Balance		$ 213,614.00	10/31/2024	Ending Balance		$ 217,364.00
05/01/2024	Beginning Balance		$ 213,614.00	11/01/2024	Beginning Balance		$ 217,364.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	$ -
	Revenue	1 + Deposits / Credits	$ 525		Revenue	1 + Deposits / Credits	$ 765
05/31/2024	Ending Balance		$ 214,139.00	11/30/2024	Ending Balance		$ 218,129.00
06/01/2024	Beginning Balance		$ 214,139.00	12/1/2024	Beginning Balance		$ 218,129.00
	Expenditures	0 - Checks / Debits	$ -		Expenditures	0 - Checks / Debits	-
	Revenue	1 + Deposits / Credits	$ 565		Revenue	1 + Deposits / Credits	$ 805
06/30/2024	Ending Balance		$ 214,704.00	12/31/2024	Ending Balance		$ 218,934.00

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Fund Financial Statement (Reserve (R) Fund)

Revenues	
Property Taxes	
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	$6,780
Sales of Property/Comp for Loss	
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	$13,000
Unknown	
Total Revenues	$19,780

General	
Educatio	
Public Sa	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	
Interfund Transfers	
Unknown	
Total Expenditures	

Reserve (R) Fund is now balanced

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 199,154
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 199,154
(Add) Total Revenues	$ 19,780
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$ 218,934

Reserve (R) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Restricted Cash	$218,934	Restricted Fund Balance	$218,934

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Now let's apply this to the General Fund

- The General (A) Fund is where the district reports all other operating activity.
- However, it ***excludes:***
  - Reserve fund activity
  - Capital projects
  - The *issuance* of long-term debt.

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Results of Operations

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

Fund Financial Statement (General (A) Fund)

Statement of Changes in Fund Balance		
Fund Balance - Beginning of Year	$	262,330
Prior Year Adjustment (Increase FB)	$	
Prior Year Adjustment (Decrease FB)	$	
Restated Fund Balance - Beginning of Year	$	262,330
(Add) Total Revenues	$	
(Deduct) Total Expenditures	$	
Fund Balance - End of Period	$	

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash		Fund Balance	
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380

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Determine End of Year Fund Balance

General (A) Fund: Checking account #1334

- The ending cash balance on the 12/31/24 bank reconciliation is reported on the General (A) Fund's balance sheet.
- Again, note the account number, name, and date of the bank statement.

General Fund
12 Sample St.
Sample, NY 12345

December 2024
Reporting Activity 12/01 - 12/31

Summary of Accounts

Account Type	Account Name	Account Number	Ending Balance
Governmental Checking	General Fund	XXXXXXXX1334	$140,151.00

Governmental Checking - XXXXXXXX1334

Account Summary

Date	Description	Amount
12/1/2024	Beginning Balance	$147,686.52
	28 - Checks / Debits	$7,524.14
	1 + Deposits / Credits	$6.62
12/31/2024	Ending Balance	$140,151.00

Balance sheet account code A200

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Fund Financial Statement (General (A) Fund)

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	

Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

A *Balanced Fund* means that these amounts equal

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 262,330
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 262,330
(Add) Total Revenues	$
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$?

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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Cash Basis Revenue/Expenditure Recognition

- Using ***cash basis accounting***, revenues and expenditures are only recognized when cash is added to or deducted from our cash balance.
- Therefore, we can determine our **total** annual revenues and expenditures using our bank statements.

Statement of Changes in Fund Balance - General (A) Fund	
Fund Balance - Beginning of Year	$ 262,330
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 262,330
(Add) Total Revenues	$
(Deduct) Total Expenditures	$
Fund Balance - End of Period	$

Additions and deductions to the bank balance become our revenues and expenditures on the AFR

Governmental Checking - XXXXXXXX1334		
Account Summary		
Date	Description	Amount
12/1/2024	Beginning Balance	$ 147,686.52
	28 - Checks / Debits	$ 7,542.14
	1 + Deposits / Credits	$ 6.62
12/31/2024	Ending Balance	$ 140,151.00

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12 Months of Bank Statements

General (A) Fund Checking #1334

Date	Description		Amount	Date	Description		Amount
01/01/2024	**Beginning Balance**		**$ 134,676.00**	**07/01/2024**	**Beginning Balance**		**$ 241,771.20**
	Expenditures	12 - Checks / Debits	$ 12,969.85		Expenditures	37 - Checks / Debits	$ 11,022.14
	Revenue	1 + Deposits / Credits	$ 9.53		Revenue	1 + Deposits / Credits	$ 9.55
01/31/2024	**Ending Balance**		**$ 121,715.68**	**07/31/2024**	**Ending Balance**		**$ 230,758.61**
02/01/2024	**Beginning Balance**		**$ 121,715.68**	**08/01/2024**	**Beginning Balance**		**$ 230,758.61**
	Expenditures	16 - Checks / Debits	$ 11,093.77		Expenditures	28 - Checks / Debits	$ 9,049.98
	Revenue	2 + Deposits / Credits	$ 182,507.20		Revenue	1 + Deposits / Credits	$ 9.24
02/28/2024	**Ending Balance**		**$ 293,129.11**	**08/31/2024**	**Ending Balance**		**$ 221,717.87**
03/01/2024	**Beginning Balance**		**$ 293,129.11**	**09/01/2024**	**Beginning Balance**		**$ 221,717.87**
	Expenditures	24 - Checks / Debits	$ 22,847.58		Expenditures	34 - Checks / Debits	$ 54,828.01
	Revenue	1 + Deposits / Credits	$ 12.50		Revenue	1 + Deposits / Credits	$ 9.18
03/31/2024	**Ending Balance**		**$ 270,294.03**	**09/30/2024**	**Ending Balance**		**$ 166,899.04**
04/01/2024	**Beginning Balance**		**$ 270,294.03**	**10/01/2024**	**Beginning Balance**		**$ 166,899.04**
	Expenditures	30 - Checks / Debits	$ 11,129.43		Expenditures	45 - Checks / Debits	$ 11,943.05
	Revenue	1 + Deposits / Credits	$ 10.66		Revenue	1 + Deposits / Credits	$ 7.10
04/30/2024	**Ending Balance**		**$ 259,175.27**	**10/31/2024**	**Ending Balance**		**$ 154,963.09**
05/01/2024	**Beginning Balance**		**$ 259,175.27**	**11/01/2024**	**Beginning Balance**		**$ 154,963.09**
	Expenditures	27 - Checks / Debits	$ 10,131.90		Expenditures	35 - Checks / Debits	$ 10,138.50
	Revenue	2 + Deposits / Credits	$ 3,449.70		Revenue	2 + Deposits / Credits	$ 2,861.93
05/31/2024	**Ending Balance**		**$ 252,493.06**	**11/30/2024**	**Ending Balance**		**$ 147,686.52**
06/01/2024	**Beginning Balance**		**$ 252,493.06**	**12/1/2024**	**Beginning Balance**		**$ 147,686.52**
	Expenditures	28 - Checks / Debits	$ 10,731.52		Expenditures	28 - Checks / Debits	$ 7,542.14
	Revenue	1 + Deposits / Credits	$ 9.66		Revenue	1 + Deposits / Credits	$ 6.62
06/30/2024	**Ending Balance**		**$ 241,771.20**	**12/31/2024**	**Ending Balance**		**$ 140,151.00**

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Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	

Difference of $12,124
Why are we off?

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

Fund Financial Statement (General (A) Fund)

Statement of Changes in Fund Balance	
Fund Balance - Beginning of Year	$ 262,330
Prior Year Adjustment (Increase FB)	$
Prior Year Adjustment (Decrease FB)	$
Restated Fund Balance - Beginning of Year	$ 262,330
(Add) Total Revenues	$ 188,795
(Deduct) Total Expenditures	$ 184,470
Fund Balance - End of Period	**$ 266,655**

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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Revenues and Expenditures *not* captured on 2024 Bank Statements

- Length of Service Award Program (LOSAP).
  - See notes from program administrator:
    - Interest earned
    - Benefits paid (withdrawals)
- Prior year outstanding checks
- Deposits in transit

Length of Service Award Program (LOSAP)

Changes to Plan Net Assets

Receipts and Disbursements		
Plan Net Assets, beginning of year		**$ 128,854.00**
Changes during the year:		
(+) Plan contributions	$ 8,000.00	
(+) Investment income earned	$ 1,470.00	
(+/-) Changes in fair market value of investments	-	
(-) Plan Benefit Withdrawals	$ 22,794.00	
(-) Administrative and Other Fees/Charges	$ 1,150.00	
Plan Net Assets, end of year		**$ 114,380.00**

Balance sheet:
- Decrease A917/A200
- Increase A895/A461

Revenue: A2401

Expenditure: A9025.8

Expenditure: A9025.4

General (A) Fund
Adjustments for LOSAP

Results of Operations

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	$1,470
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	$22,794
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

Statement of Changes in Fund Balance		
Fund Balance - Beginning of Year	$	262,330
Prior Year Adjustment (Increase FB)	$	
Prior Year Adjustment (Decrease FB)	$	
Restated Fund Balance - Beginning of Year	$	262,330
(Add) Total Revenues	$	190,265
(Deduct) Total Expenditures	$	199,264
Fund Balance - End of Period	$	**253,331**

Less $8,000

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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General (A) Fund
Adjustments for LOSAP

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	$1,470
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	

Difference of $1,200.
Why are we still off?

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	$22,794
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	

Statement of Changes in Fund Balance		
Fund Balance - Beginning of Year	$	262,330
Prior Year Adjustment (Increase FB)	$	
Prior Year Adjustment (Decrease FB)	$	
Restated Fund Balance - Beginning of Year	$	262,330
(Add) Total Revenues	$	190,265
(Deduct) Total Expenditures	$	199,264
Fund Balance - End of Period	$	**253,331**

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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Adjusting for Prior Year Outstanding Checks

- As of now, our End of Year Fund Balance is **understated.**
- This is because a $1,200 expenditure has been counted twice.
  - Once in 2023
  - Again in 2024
- We need to decrease our total 2024 expenditures by $1,200.
- See slide 12 – Review the check image to verify the date the check was written, who we wrote it to, and its purpose.

Statement of Changes in Fund Balance - General (A) Fund		
Fund Balance - Beginning of Year	$	262,330
Prior Year Adjustment (Increase FB)	$	
Prior Year Adjustment (Decrease FB)	$	
Restated Fund Balance - Beginning of Year	$	262,330
(Add) Total Revenues	$	190,265
(Deduct) Total Expenditures *Less $1,200*	$	198,064
Fund Balance - End of Period	$	254,531

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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Recap:

- Using cash basis accounting means:
  - Revenues and expenditures are recognized when cash changes hands.
  - Cash = fund balance
- We can verify our beginning of year cash *(and therefore beginning of year fund balance)* using prior year bank statements.
- Not verifying beginning of year fund balance may result in prior year mistakes going unnoticed.

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Fund Financial Statement (General (A) Fund)

Verified Data

- End of year cash ties out to December 2024 bank statement.
- End of year LOSAP asset balance ties out to summary provided by our LOSAP administrator.
  - These amounts, combined, equal our end of year fund balance.
- Total revenue and expenditures ties out to 12 months of 2024 bank statements.
  - Beginning of Year FB *plus* total revenues *minus* total expenditures *equals* end of year FB.

Statement of Changes in Fund Balance		
Fund Balance - Beginning of Year	$	262,330
Prior Year Adjustment (Increase FB)	$	
Prior Year Adjustment (Decrease FB)	$	
Restated Fund Balance - Beginning of Year	$	263,530
(Add) Total Revenues	$	190,265
(Deduct) Total Expenditures	$	198,064
Fund Balance - End of Period	**$**	**254,531**

General (A) Fund Balance Sheet			
Assets		Liabilities & Fund Balance	
Cash	$140,151	Fund Balance	$140,151
Service Award Program Assets (A461)	$114,380	Restricted for Service Award Program (A895)	$114,380
Total Assets	$254,531	Total Fund Balance	$254,531

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Results of Operations

Unverified Revenues	
Property Taxes	$182,500
Property Tax Items	
Departmental Income	
Intergovernmental Charges	
Use of Money and Property	$1,470
Sales of Property/Comp for Loss	$3,440
Other Revenues	
State Aid	
Federal Aid	
Interfund Transfers	
Unknown	***$2,855***
Total Revenue	**$190,265**

Unverified Expenditures	
General Government Support	
Education	
Public Safety	
Health	
Home and Community Services	
Employee Benefits	$22,794
Debt Service	$41,950
Interfund Transfers	$13,000
Unknown	***$120,320***
Total Expenditures	**$198,064**

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Fund Financial Statement (General (A) Fund)

Unverified Data

- What supporting documentation do we have for the ***known*** revenues and expenditures we wrote down earlier?
  - Do they tie out to our bank statement?
- Based on the total revenues and expenditures we calculated earlier, how much of that amount is ***unknown***?
- The following slides are meant to guide your process for reconciling these unknown amounts and categorizing them in their proper account codes.

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What's next?

Defining Expenditures: **Where?**

- The details of each transaction on our bank statements may be reconciled from multiple sources.
- What is typically paid on a credit card?
- What is typically paid by check?
- Are any accounts, such as utilities, set up for ACH payments from the fire district's checking account?
- Can we request a breakdown of charges from vendors we have accounts with?

What's next?

Defining Expenditures: **Timing**

- What is billed annually?
  - E.g. Insurance for vehicles
- What is billed monthly?
  - Utilities, internet, rent (if applicable)
- What expenditures are recurring or incurred at random?
  - Fuel, office supplies
- What vendors do we have accounts with? How often are those invoices paid?

Review Credit Card Statements

- Download each statement from the fiscal year being prepared.
- Statement periods may not align with month or year-end.
- Use filters to determine total amounts purchased from specific vendors.
- Our goal is to *back into* the **total expenditures** we gathered from our bank statements.
- Keep in mind whether or not each charge has been paid (claims audit).

Transaction Details — Sample Credit Card/ Sep 03, 2024, to Oct 02, 2024

Prepared for

SAMPLE FIRE DISTRICT
Account Number
XXXX-XXXXXX-12345

Statement Balance **$ 2,805.82**

Date	Description	Amount
10/1/2024	Office Supplies Co.	$ 90.35
9/30/2024	ABC Fuel Co.	$ 74.22
9/29/2024	Office Supplies Co.	$ 40.51
9/28/2024	Best Electronics	$ 76.83
9/26/2024	A&M Landscape	$ 124.90
9/24/2024	Good Furniture Store	$ 268.76
9/23/2024	Online Retail Store	$ 72.07
9/22/2024	Home Store	$ 203.94
9/22/2024	Online Retail Store	$ 89.75
9/20/2024	Local Grocer	$ 510.44
9/19/2024	West Fire Protect	$ 361.82
9/19/2024	Custom Apparel Inc.	$ 210.57
9/16/2024	Internet Services	$ 89.99
9/15/2024	Office Supplies Co.	$ 23.55
9/15/2024	ABC Fuel Co.	$ 55.90
9/13/2024	Hardware & Tools Co.	$ 23.78
9/12/2024	Auto Store	$ 102.54
9/9/2024	Hometown News	$ 150.00
9/7/2024	Hardware & Tools Co.	$ 82.80
9/6/2024	Online Retail Store	$ 80.14
9/3/2024	ABC Fuel Co.	$ 72.96

Expenditure Code 3410 – Fire Protection

- Identifies expenditures incurred for firefighting and fire protection activities.
- In the General (A) Fund, this category of expenditure is likely to be the most frequently used.
- Like all expenditure codes, there is an *object of expenditure* to distinguish the *type* of fire protection.
  - E.g. 3410.2 – Fire Protection, Equipment and Capital Outlay.
    - **".2" is the *object of expenditure***

Object of Expenditure Examples

.1 Personal Services		
• Treasurer	• Firefighter	• Temporary
• Secretary	• Janitor	• Overtime
• Treasurer-Secretary	• Vacation	• Sick Leave

.2 Equipment and Capital Outlay		
• Furniture and Furnishings	• Power Lawn Mowers	• Fire Apparatus
• Office Equipment	• Two-Way Radios	Pumper Truck
	• Addition to Fire Station	Hook and Ladder
		Fire Hose

.8 Employee Benefits		
• State Retirement System	• Hospital and Medical Insurance	• Social Security
• Fire Retirement	• Life Insurance	• Disability Insurance
• Local Pension Fund	• Workers' Compensation	

Personal Services and Employee Benefits should be verified through payroll records.

Object of Expenditure Examples (Continued)

.4 Contractual Expenditures		
• Office Supplies - Postage	• Consultants	• Fire Alarm System
• Travel Expense	• Independent Accountant	• Telephone
Conventions	• Insurance	Maintenance
Fire Travel	Premium on Treasurer's Bond	Other
Other Travel	Public Liability	• Maintenance of Wells
• Association Dues	Property Damage	• Buildings and Grounds
• Uniforms	Other Insurance	Fuel, Light, Water
• Drills, Parades, Inspections	• Legal and Auditing Fees	Repairs
• Election Expense	• Fire Apparatus and Equipment	Rent
Rent of Voting Machines	Repairs	Maintenance Supplies
Publication of Notice	Gasoline, Oil, Etc.	
Printing and Supplies		

Define Revenues and Expenditures

Resources

- OSC Accounting and Reporting Manual for fire districts:
  - Chapter 3 – Classifications and Coding Structure, pages 6-9
  - https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf
- OSC Chart of Accounts Query
  - https://www.osc.ny.gov/local-government/required-reporting/chart-accounts-query

Explaining Unknown Amounts

Notes to the Financial Statements

- Used to disclose any additional information necessary for the reader to better understand the reported information.
  - Explanation for the use of special revenue funds
    - Not applicable to fire districts.
  - Significant encumbrances at year end
    - Not applicable to cash basis of accounting.
  - Related party transactions with jointly governed organizations
  - Additional explanation of prior year adjustments

Completing the AFR

Before you get started

- Make sure you have access to the report.
  - Help Desk: (518) 408-4934 (option 1).
- Determine what year you can file next.
- Familiarize yourself with the report.
  - See “AFR Training” on our AFR Webpage
  - https://www.osc.ny.gov/local-government/required-reporting/annual-financial-report
- Contact our Data Management Unit.
  - (518) 408-4934 (option 4)
  - AFRFile@osc.ny.gov

OSC Filing Resources

- Fire District Information
  - https://www.osc.ny.gov/local-government/resources/fire-district-information
- Audits of Local Governments
  - https://www.osc.ny.gov/local-government/audits
- AFR Information Page
  - https://www.osc.ny.gov/local-government/required-reporting/annual-financial-report
- Publications
  - https://www.osc.ny.gov/local-government/publications
- Training
  - https://www.osc.ny.gov/local-government/academy

Division of Local Government and School Accountability
localtraining@osc.ny.gov

Questions?



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