

Department of Family and Children Services Administration Policies and Procedures Manual	Section: Accounting Part: 2003 Page: 1 of 1 Date: August 2006
Title: Financial Statements	

2003. Financial Statements

A. The Balance Sheet is a presentation of permanent accounts. The asset accounts and accounts receivable account balances are listed and totaled at the top of the statement. Liability and Fund balance accounts are listed and totaled at the bottom of the statement. The purpose of the Balance Sheet is to show the financial position of the organization at a particular point in time.

1. To balance, total assets must equal total liabilities and fund balances on the statement.
2. The cash account (114.101) should NOT have a negative or low amount – this could indicate a cash flow problem. This balance includes the current year’s county funds plus any surplus (fund balance) left over from prior years.
3. There should not be any negative balances on the balance sheet – this should prompt a County Director to ask questions.
4. The Restricted fund accounts (284.251 to 284.259) shown at the bottom of the report should equal the Cash-Bank (117.102/Bank 2) plus any Restricted Fund savings (117.106).
5. The Operating Fund Balance (320.271) should be equal to or greater than the county savings account (114.107).
6. The balance sheet account called “Unearned Revenue” in the Fund Balance section is the difference between year-to-date revenues and expenditures. The amount that is owed to the county from the State or Local entities.

B. Statement of Revenue and Expenditure Compared to Budgets is a presentation of the temporary accounts. The purpose of the statement is to show the results of operations over a certain period of time. The temporary accounts are closed at the end of the fiscal year.