



NEMRC FUND ACCOUNTING GENERAL LEDGER

General Ledger – Account Reconciliations and Balance Sheet

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Accounting Terms: Balance Sheet

Balance Sheet: The balance sheet is a report that shows what the entity owns (assets) and what it owes (liabilities)

► Assets:

- Receivables: Property Taxes, Water/Sewer, Grants
- Bank Accounts: Checking Accounts, Money Markets, CDs, Stocks
- Prepaid Expense: VLCT Dues paid in June for next fiscal year

► Liabilities

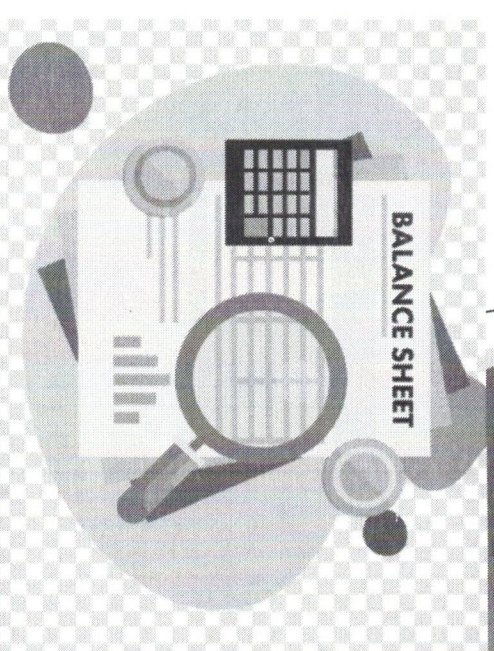
- Payroll Liabilities: VMERS, Federal Taxes, Health Insurance
- Accounts Payable: Vendor bill received, not yet paid
- Due to Taxpayers/Overpayments

► Fund Balance:

- Total accumulated of operating surpluses and deficits since the beginning of setting up the fund (equity)

► Due to/from:

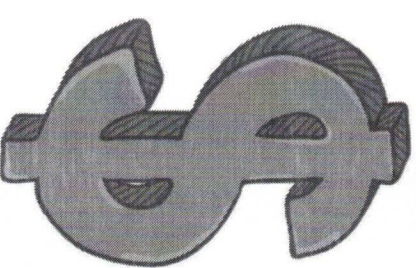
- Total amount of cash the General Fund is holding in pooled cash on behalf of the fund



Basis of Accounting

The accounts to reconcile will be different depending on what basis of accounting your municipality uses. This basis of accounting describes how financial activities are recognized and reported and which transactions are recognized in the fiscal year they occur. In other words, what year do you formally count income and expenses?

- **Cash Basis:**
 - This accounting method recognizes income and expenses only when cash is exchanged.
- **Accrual:**
 - This accounting method recognizes income and expenses when they are earned or incurred.
- **Modified:**
 - This accounting method is a hybrid of sorts, using features in both the cash basis and accrual basis of accounting.



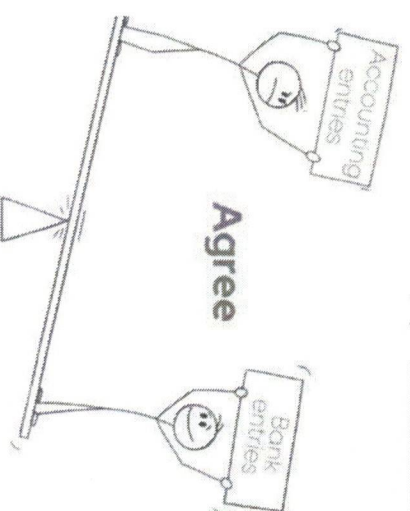
Why does this matter?

Reconciliation

Balance Sheet Accounts

Reconciliation: The accounting procedure that compares two sets of records to check that the figures are correct and in agreement.

- ▶ Bank Accounts: SOOO Important!!
- ▶ Receivables:
 - ▶ Taxes: Status Report or Delinquent Tax Report
 - ▶ Utilities: Aged Receivable Report
 - ▶ Misc Accounts Receivable: Aged Receivable Report
- ▶ Liabilities:
 - ▶ Accounts Payable: Invoice Edit List
 - ▶ Payroll Liabilities: Example: Tax Summary Report, Paytype/Deduction Report
- ▶ Due to from accounts:
 - ▶ Due/To From Balancing Report: Custom Report in General Ledger



Q & A

