

**State of Nevada  
Office of the State Controller**

# Accounting Policies and Procedures



June 2008

**ACCOUNTING POLICIES AND PROCEDURES**

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## GENERAL GOVERNMENTAL ACCOUNTING POLICIES

### PRINCIPLES

In adopting the State Accounting Procedures Law (NRS 353.291), it is the Legislature's intent to establish an accounting system that:

- Presents fairly and with full disclosure the financial position and the results of financial operations of the funds of the state in conformity with generally accepted accounting principles; and
- Determines and demonstrates compliance with legal and contractual requirements related to finance.

The state accounting system operated by the Controller records and reports all monies received and disbursed by the State agencies. This is accomplished through the timely recording of deposits and disbursements within an accounting structure that adheres to the legal/budgetary requirements. State officers, boards, commissions and department heads are to provide the information necessary for the Controller to report the financial position and results of operations of the State's funds (NRS 353.3245).

### DEFINITIONS

**Accounting System** - the total structure of records and procedures which discover, record, classify, summarize and report information on the financial position and results of operations of the State's funds and organizational components.

**Accrual Basis** - the basis of accounting which records the financial effects of transactions, events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government. The accrual basis of accounting is used by proprietary funds and fiduciary funds.

**Activity** - a specific and distinguishable line of work performed by one or more organization components of a governmental unit for the purpose of accomplishing a function for which the governmental unit is responsible.

**Appropriation** - a legal authorization granted by the Legislature to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and the time during which it may be expended.

**Authorization** - an appropriation generally supported by specific earmarked resources.

**Budget** - a plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term "budget" is used to designate both the preliminary financial plan presented to the Legislature and the plan finally approved.

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**Budgetary Accounts** - those accounts used to record the formally adopted annual operating budget in the accounting system as part of the management control technique of formal budgetary integration.

**Cash Basis** - the basis of accounting under which transactions are recognized only when cash is received or disbursed.

**Encumbrance** - an obligation in the form of a purchase order, contract or salary commitment for which an estimated amount has been reserved but the actual goods or services have not yet been received.

**Expenditure** - a decrease in financial resources of a governmental fund other than through interfund transfers. Expenditures include the cost of goods delivered or services rendered whether paid or unpaid, payment of principal and interest on general long-term debt, and capital outlays. For financial reporting, the term does not include an encumbrance.

**Expense** - an outflow or other use of assets or incurring of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations. The term is generally associated with the outflows of proprietary funds or funds that have the same basis of accounting as a proprietary fund.

**Fiscal Year** - the twelve-month period at the end of which a governmental unit determines its financial position and the results of its operations. The State's fiscal year ends on June 30.

**Function** - a group of related activities aimed at accomplishing a major service or regulatory program for which a governmental unit is responsible.

**Fund** - an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities, and residual equities or balances, and changes therein, which are segregated to carry out specific activities or attain certain objectives in accordance with special regulations, restrictions, limitations or laws.

**Fund Balance** - the excess of assets over liabilities in a governmental fund.

**General Ledger (GL) Accounts** - all accounts necessary to record the financial activity and set forth the financial position and results of operations of a fund.

**Lapse** - as applied to an appropriation means the automatic termination of such appropriation within a fund.

**Liability** - a debt or other legal obligation arising out of a transaction in the past, which must be liquidated, renewed, or refunded at some future date.

**Modified Accrual Basis** - the accrual basis of accounting used by governmental funds. Under this method, revenues are recognized when they become susceptible to accrual, that is, when they become both "measurable" and "available" to finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for:

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- Inventories or materials and supplies that may be considered expenditures, either when purchased or when used, and
- Prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed.

**Restricted Revenue** – is revenue which is:

- Restricted by law or by contract under which such revenue is accepted for specified activities; and
- Authorized by the Legislature to be deposited to the credit of the department, institution or agency, which assessed it or received it to be expended for the specific activities.

**Revenue** - the increase in equity during a designated period of time resulting from:

- Additions to assets which do not increase any liabilities or represent the recovery of an expenditure; and
- The cancellation of liabilities without a corresponding increase in other liabilities or a decrease in assets.

If the funds are kept on the modified accrual basis, the additions must be measurable and available to finance expenditures of the fiscal period.

**Reversion** - as applied to an appropriation means the return of the unused amount of the appropriation to the fund from which appropriated.

**Unrestricted Revenue** - a source of revenue of which the expenditure is fully available for legislative appropriation. The Legislature may make appropriations only to those functions authorized by the law establishing each fund.

## FUND CLASSIFICATIONS

**Governmental Funds** – These funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include:

- **General Fund** - Accounts for all resources except for those resources that must be accounted for in a special purpose fund;
- **Special Revenue Funds** - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes;
- **Capital Projects Funds** - Account for the acquisition or construction of major capital projects other than those financed by proprietary funds;
- **Debt Service Funds** - Account for the accumulation of resources for, and payment of, interest and principal on general long-term debt; and
- **Permanent Funds** - Account for resources that are legally restricted to the extent only earnings, not principal, may be spent.

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**Proprietary Funds** – These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Proprietary funds include:

- ***Enterprise Funds*** - Account for those operations that are financed and conducted in a manner similar to private business or when the Legislature has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability; and
- ***Internal Service Funds*** - Account for operations that provide services to other departments or agencies of the State or other governments, on a cost-reimbursement basis.

**Fiduciary Funds** - Account for assets held by the State in a trustee capacity or as an agent on behalf of others. Fiduciary funds include:

- ***Pension and Other Employee Benefit Trust Funds*** - Accounts for public employee retirement systems and for postemployment benefits other than pension benefits;
- ***Investment Trust Funds*** – Accounts for external portion of investment pools reported by the sponsoring government;
- ***Private-purpose Trust Funds*** - Accounts for trust arrangements under which principal and income benefits individuals, private organizations or governments; and
- ***Agency Funds*** - Account for assets that the State holds for others in an agent capacity. They are custodial in nature and do not present results of operations.

## STATE POLICIES AND PROCEDURES

### PROMULGATION

The Controller is responsible for the administration of the provisions of the State Accounting Procedures Law, and in this capacity provides and maintains the state accounting system which produces financial statements, budgetary reports, and management reports both statewide and by agency. The responsibility for promulgating and establishing accounting policy rests with the Controller.

### CONTROLLER'S OFFICE LIAISON

The Controller's Office has assigned an accountant to each agency throughout the State to serve as a liaison regarding the application and interpretation of accounting policies to specific transactions. A list of liaisons for each agency is located at:

[http://intra.ktl.nv.gov/Financial\\_Reporting.htm](http://intra.ktl.nv.gov/Financial_Reporting.htm)

Liaison accountants can also be reached by calling the Controller's Office main line at 684-5750.

### POLICIES

#### PREPAID EXPENSES

**Statement of Policy** Prepaid expenses will be allowed during the last month of the fiscal year when one of the following occurs:

- It is necessary to have a check to the vendor by the first week of July.
- A payment will result in substantial savings to the State.

If it is necessary to incur a prepaid expense *prior* to the last month of the fiscal year, contact your liaison accountant.

**Purpose** To record prepaid expenses at end of fiscal year.

**Reference** NRS 353.3245 Generally accepted accounting principles are to be followed. Controller is to be provided with accounting information.

**Procedures** Two documents must be processed to complete the initial recording and subsequent clearing of the prepaid expense, as follows:

- A current year payment voucher is prepared charging balance sheet account 1735 - Prepaid Expenses, at the fund level only.

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- A future year journal voucher is submitted to the Controller's Office at the beginning of the new fiscal year:
  - Debit the expense to the proper budget account
  - Credit balance sheet account 1735
  - Reference the original payment voucher document number in the line description field
  - Add the vendor number to the "Code" field on the expenditure line

Controller's Office will not process a future year journal voucher until the official opening of the new year.

### **DEFERRED REVENUE (FUTURE YEAR DEPOSITS)**

**Statement of Policy** State agencies must record deferred revenue when appropriate.

**Purpose** To properly record deferred revenue and recognize revenue in the correct fiscal year.

**Definition** Deferred revenues arise from resource inflows that do not yet meet the criteria for revenue recognition. For example, money has been received for goods or services to be delivered at a future date. The obligation to deliver goods or services at a future date is the deferred revenue liability.

**Reference** NRS 353.3245 Generally accepted accounting principles are to be followed. Controller is to be provided with accounting information.

**Procedures** Before recording a deferred revenue (or a future year deposit), the agency must contact their accounting liaison in the Controller's Office to determine or confirm that the revenue should be deferred.

Two documents must be processed to complete the initial recording and subsequent clearing of the deferred revenue, as follows:

- A current year cash receipt is prepared crediting balance sheet account 2303 - Future Year Deposits, at the fund level only.
- A future year journal voucher is submitted to the Controller's Office at the beginning of the new fiscal year:
  - Debit balance sheet account 2303
  - Credit the revenue to the budget account
  - Reference the original cash receipt document number in the line description field

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Controller's Office will not process a future year journal voucher until the official opening of the new fiscal year.

### **INTERAGENCY BILLING CLAIMS AND JOURNAL VOUCHERS**

**Statement of Policy** Interagency transactions must be made on billing claims or journal vouchers and need to be processed as exclusively interfund or exclusively intrafund; no mixtures on the same document are allowed. A billing claim is used to record transactions between or within agencies for charges for services or goods. A journal voucher is used to record transfers between funds and/or agencies, as well as to record corrections to transactions already posted. Checks issued to other State agencies are only allowed when making a payment to a State agency's outside bank account.

**Purpose** To eliminate intrafund transactions at the fund level.

**Reference** NRS 353.3245 Generally accepted accounting principles are to be followed. Controller is to be provided with accounting information.

**Procedures** An intrafund document must use the same fund number coding on all lines in both the debit and credit portions.

A document is interfund when the fund number coding in the debit portion is different from the fund number in the credit portion. Several different fund numbers may be used on an interfund document as long as all the debits are different fund numbers from all the credits.

If you need help in distinguishing between the two types of documents, contact your assigned accountant. A document mixing these two types of transactions will be rejected or reversed.

### **INTERAGENCY TRANSFERS**

**Statement of Policy** Interagency transfers must be recorded using transfer-in and transfer-out general ledger accounts.

**Purpose** To ensure transfers-in offset transfers-out (must net to zero) for financial reporting purposes.

**Reference** NRS 353.3245 Generally accepted accounting principles are to be followed. Controller is to be provided with accounting information.

**Procedures** The agency recording the transfer-in must use one of the transfer-in revenue sources 4600 – 4781. The agency recording the transfer-out must use one of the

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transfer-out objects 9001 – 9169. Both the debit and credit portions of the document must use appropriate transfer general ledger accounts that net to zero.

### **FEDERAL REVENUES AND EXPENDITURES**

**Statement of Policy** All state agencies that are recipients (either primary or sub) of federal assistance must identify the receipt and use of the assistance. The identification must incorporate the Catalog of Federal Domestic Assistance (CFDA) number and be reflected in the records of the State central accounting system or another accounting system approved by the Controller.

**Purpose** To establish a policy for recognizing the receipt and expenditure of federal money, including movement between State agencies, so the State can comply with the federal Single Audit Act and the Cash Management Improvement Act (CMIA).

**References**

NRS 227.140. The Controller may adopt regulations to comply with federal laws.

NRS 353.3245. Generally accepted accounting principles are to be followed. Controller is to be provided with accounting information.

CMIA 1990 31 CFR part 205. Rules and procedures for the transfer of funds between the federal government and states for federal grants and other programs.

Public Law 98-502 (Single Audit Act of 1984) and Public Law 104-156 (Single Audit Act Amendments of 1996). Requirements for state and local governments receiving federal financial assistance.

OMB Circular A-133. Audits of states, local governments, and non-profit organizations.

**Definitions** **State agency as a sub-recipient:**  
A State agency is a sub-recipient<sup>1</sup> if it receives federal assistance from another State agency to carry out or administer a federal program. Distinguishing characteristics of a sub-recipient include items such as:

- Determining the eligibility of the beneficiaries of the program and/or the activities required to carry out or administer the program;
- Performance is measured against meeting the objectives of the program;
- Responsibility for making decisions under the program;
- Responsibility for applicable compliance requirements; and

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<sup>1</sup>OMB Circular A-133 (6/24/97) subpart A, section \_\_.210

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- Use of the funds to carry out a program of the sub-recipient, as opposed to providing goods or services for the use of another agency.

### **State agency as a vendor:**

A State agency is considered a vendor when it has a contract to provide specific goods or services related to the administrative support of a federal program. The contract may provide goods or services for the direct use of the State agency that is a recipient of the award or for the beneficiaries of the program. Where a recipient enters into a contract to buy goods and services, the other party is not a sub-recipient for purposes of the Single Audit Act and the CMIA (although such recipient may be considered a fiscal agent). Distinguishing characteristics of an agency acting as a vendor include items such as:

- Providing the goods or services within normal business operations;
- Providing similar goods or services to other purchasers;
- Program compliance requirements do not pertain to the goods or services provided; and
- Specifications or scope of the work are defined in the procurement contract by the recipient state agency.

### **Fiscal Agent:**

A fiscal agent of the state is an entity that pays, collects or holds federal funds on behalf of the State for a federal program, excluding private non-profit community organizations. The CMIA includes fiscal agents in its definition of a state<sup>2</sup>.

## **Procedures**

All receipts of federal assistance grants must be recorded to a revenue source GL in the series 3401-3600, using the job number field on the Advantage document to record the CFDA number of the grant. All expenditures of federal assistance grants must be coded with the CFDA number of the grant using the job number field on the Advantage document.

State agencies must use the appropriate accounts to record the movement of federal assistance resources from one agency to another using the following guidelines:

- If there is a recipient to sub-recipient relationship, both agencies must use transfer general ledger accounts to move the resources from one agency to the other. Both agencies should identify the receipt, transfer and expenditure transactions with the CFDA number of the original grant.
- If the receiving agency is acting as a vendor, the originating agency must use an expenditure general ledger account (object) and the receiving agency must

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<sup>2</sup>CMIA 1990 31 CFR part 205.2

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use a non-federal revenue general ledger account (revenue source) to record a charge for goods or services. The originating agency must identify the expenditure of federal resources using the CFDA number. The receiving agency does not need to identify the transactions for federal tracking.

The Cash Management Improvement Act (CMIA) requires the State to draw federal funds in such a way as to minimize the amount of time federal funds are in the State's bank account. For major federal programs, CMIA also requires the State to calculate an interest amount based on how federal funds were managed. To make this calculation as accurate as possible, it is often necessary to correct previously recorded transactions using the following guidelines:

- To correct a Cash Receipt (CR) using a Decentralized Journal Voucher (JVD) document, the "Date of Record" is the date the deposit was made at the bank, or the "Record Date". Use the job number to enter the CFDA number of the grant.
- To correct a Payment Voucher (PV) using a JVD document, the "Date of Record" is the date the document was accepted by the system, or the "Process Date". Use the job number to enter the CFDA number of the grant.

### **CAPITAL ASSETS**

**Statement of Policy** Record assets in a manner to demonstrate accountability, demonstrate stewardship and to allocate costs when applicable.

**Purpose** To outline procedures and policies necessary for the accountability and reporting of capital assets.

**Reference** NRS 353.3245 Generally accepted accounting principles are to be followed. Controller is to be provided with information for accounting.

### **Capitalization Classes**

**Infrastructure assets:** These assets are defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples are highways and roads, easements, rights-of-way, bridges, tunnels, drainage systems, water and sewer systems, dams, lighting systems, etc.

**Land:** All land acquisitions, including land acquired for infrastructure, are to be capitalized and must be reported to the Controller. Land is non-depreciable.

**Buildings and building improvements:** All building acquisitions or building improvements of \$100,000 or more are to be capitalized. (Note: Improvements are not maintenance or re-placement items - e.g. carpets, furnaces, etc.). Equipment items purchased in conjunction with new buildings are to be specifically identified and recorded as equipment.

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**Improvements other than buildings:** All such improvements that have an expected life greater than one year and a cost of \$100,000 or more are to be capitalized.

**Furniture and equipment:** All furniture, equipment, vehicles *and computer software* with an expected life greater than one year and a cost of \$5,000 or more per unit are to be capitalized. There are gray areas of classification. For example, if separate components costing less than \$5,000 are put together to create a system costing more than \$5,000, the system should be capitalized. If you are not sure whether or not an item should be capitalized, consult with your liaison accountant in the Controller's Office.

**Construction in progress:** The portion of construction contracts of \$100,000 or more paid during a fiscal year on buildings/building improvements, or \$100,000 or more on improvements other than buildings are to be recorded at fiscal year end. On completion of the construction project, the total cost of the project should be reclassified to buildings or improvements other than buildings.

### Procedures

All capitalizable assets bought through Purchasing Division will automatically create a fixed asset shell in the Advantage Fixed Asset Subsystem, as long as the correct commodity code is used. Purchasing staff will complete and finalize the fixed asset shell once all documents related to the purchase have processed, resulting in a fixed asset record.

For non-tagable capital assets bought through Purchasing Division that meet the Controller's \$5,000 capitalization threshold, the Controller's office accounting staff will create a fixed asset record in Advantage and assign a fixed asset ID number beginning with 'MISC'.

Computer software purchases with a cost of \$5,000 or more (per license) should be coded to '7770' (Computer Software). Purchasing Division will issue a State ID tag, which must be attached to the license when possible, and in all instances the agency is required to maintain backup documentation referencing the tag number.

For tagable capital assets not bought through Purchasing Division (non-Purchasing PV and no PC reference document), it is the agency's responsibility to forward a copy of the invoice and a completed Property Disposition Report to Purchasing Property Management staff so a tag can be issued and a fixed asset record created in Advantage.

Leased assets *or assets acquired by installment purchase*, should be capitalized and reported to the Controller upon acquisition if the lease meets the criteria as established in the Statement of Financial Accounting Standards, No. 13. Determination will be made by the Controller's Office if the criteria are met.

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However, the agency must provide a copy of the lease *with all attachments* to their accounting liaison in the Controller's Office. In addition, the agency is responsible for filing IRS form 8038G or 8038GC for all leases determined to be capital leases. A copy of the form filed with the IRS is to be sent to the accounting liaison at the Controller's Office.

Donated assets should also be reported if fair value upon receipt exceeds the minimum value as stated in the capitalization classes. Non-cash assets received from donors should be recorded at the fair value plus any ancillary expenses incurred by the agency to place the asset into service. Donated assets with an estimated fair value of \$5,000 or greater should have an independent third party appraisal or other third party documentation to support the amount of the donated asset at the time of receipt. Sources for documentation can be notes taken from verbal responses made by vendors in the market, copies of information taken from wholesale or retail catalogs, or other industry valuation sources.

Agencies are required under NRS 333.220 to conduct an annual physical inventory of their personal property and to report the disposition of property to the Department of Administration, Purchasing Division. Once all corrections and updates have been made to your inventory, the "FADU" table within the Advantage System must be updated, noting the month and year of completion of your physical inventory. This update is necessary to ensure that capital assets are properly reported in the State's annual financial report.

### **PAYROLL OVERPAYMENT**

**Statement of Policy** Personnel/Payroll should be notified immediately upon discovery of any overpayment and especially when there has been a termination of employment.

**Purpose** To increase the likelihood of recovery when an overpayment of salary or benefits has occurred.

**Reference** NRS 227.230 through 227.270, inclusive. Recovery of money due State.

**Procedures**

**Current employee:**  
Agency should notify Payroll of overpayment by next pay period.

- The employee must be notified of the overpayment in writing.
- If employee is still with agency, and the overpayment is not disputed, the overpayment should be resolved by adjustment in next pay period.

If the employee disputes the overpayment, the employee may request a hearing with the State Controller within 10 days of receipt of the overpayment letter. (NRS 227.150)

**Terminated employee:**

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Agency should notify Payroll immediately upon discovery. The agency will send a certified letter to the overpaid terminated employee at the last known address informing them of the debt owed and that if the debt is not resolved their account will be referred to a collection agency. If the letter is returned, the account should be referred to Payroll and determination made regarding whether the debt is uncollectible. If it is determined to be uncollectible and the account is greater than \$50, the Controller should be notified.

If it is determined the employee has filed bankruptcy or is deceased, the account will be referred back to the agency to have their staff or their assigned deputy attorney general file in bankruptcy court or in probate.

The Controller will review the matter to determine appropriate action to be taken, including accepting payment options or turning over the debt to private collection agencies. In cases of disputed debt, the Controller will review the matter with the Attorney General to determine the appropriate action to be taken. The Attorney General will be directed to pursue prosecution for recovery of the funds if other collection methods are not successful, and the Controller will provide the Attorney General with the certified paperwork to use in the prosecution. The Attorney General will notify Controller's Office of any suits filed in small claims court at time of filing, or files they are closing as uncollectible.

### **REPLACEMENT OF PROPERTY/EQUIPMENT**

<b>Purpose</b>	To provide accountability for replacement of personal property/equipment when there is an insurance disbursement.
<b>Reference</b>	NRS 353.319 Administration of Law; NRS 353.3245 (2) Controller to be provided with information for accounting.
<b>Procedures</b>	<p>If an agency purchases replacement equipment and receives insurance reimbursement:</p> <ul style="list-style-type: none"><li>• Agency charges normal equipment object within own budget.</li><li>• When reimbursement is received within the same fiscal year that the replacement is made, a journal voucher is completed:<ul style="list-style-type: none"><li>➤ Debiting object 8819 in Risk Management's budget for the loss net of deductible (reimbursement amount)</li><li>➤ Crediting the agency's normal equipment object</li></ul></li><li>• When reimbursement is received in a different fiscal year, a journal voucher is completed:<ul style="list-style-type: none"><li>➤ Debiting object 8819 in Risk Management's budget for the reimbursement amount</li></ul></li></ul>

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- Crediting miscellaneous revenue source 4254 in the agency's fund and budget.

If Risk Management purchases and pays for replacement equipment for an agency:

- A claim recording the purchase should be charged against object 8819 in Risk Management's budget, and
- A journal voucher should be processed for the deductible amount:
  - Debiting the agency's normal equipment object, and
  - Crediting object 8819 in Risk Management's budget.

### **FISCAL YEAR CORRECTIONS**

**Statement of Policy** Accounting transactions must be recorded in the fiscal year to which the transaction is attributable to.

**Purpose** To provide a mechanism for moving transactions from one fiscal year to another while dual fiscal years are open

**Reference** NRS 353.3245. Generally accepted principles of accounting to be followed. Controller is to be provided with information for accounting.

**Procedures** To correct documents processed to the wrong fiscal year, the agency must process two Decentralized Journal Vouchers (JVD), one in each fiscal year. The first will reverse the posting to the wrong fiscal year, and the second will record the posting to the correct fiscal year. When correcting the fiscal year of a billing claim or journal voucher, use a JVD to completely reverse the original document posted to the wrong fiscal year. Then reprocess the billing claim or journal voucher in the correct fiscal year using a new document number (you can add an "A" to the end of the original document number, for instance). Please contact the other agency on the document to coordinate the correction of both agencies' postings – this is essential to ensure Budget Account Closing Forms are correct for each agency. The line description field of both JVD's must include the original document number being corrected.

When correcting a Payment Voucher (PV) or Cash Receipt (CR) processed to the wrong fiscal year, the offsetting debit or credit on each JVD is coded to the user's fund and agency number and Balance Sheet Account 1000. When correcting the fiscal year of a PV or CR document, two documents must be processed using the following steps:

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### **JVD to reverse a PV or CR posted to the wrong fiscal year:**

- Line 1 – this line is the offsetting debit or credit and is coded as Account Type “Asset” and BS Account “1000”. The description field on this line *must* begin with “FY CORRECTION” and then further describe how the cash is to be classified for CAFR purposes (i.e., corrections of CR’s will be an adjustment to receivables or deferred revenue, corrections of PV’s will be an adjustment to payables or prepaid expenses; in addition, include the type of receivable - taxes, federal, intergovernmental, interest or other, and the type of payable - payroll, intergovernmental, interest or other). For example, the description on the BS Account “1000” line to correct a CR for federal revenue posted to the wrong fiscal year would be “FY CORRECTION – FED RECEIVABLE”. Please contact your accounting liaison to help determine the correct description for this line.
- Line 2 – this line reverses the coding of the original document processed to the wrong fiscal year. The description field on this line must include the complete number of the original document being reversed.

### **JVD to post a PV or CR to the correct fiscal year:**

- Line 1 – this line is the offsetting debit or credit and is coded as Account Type “Asset” and BS Account “1000”. After posting JVD’s in both the old and new fiscal years, the net effect on BS Account 1000 is \$0. In the description field, use the same description as for Line 1 of the reversing JVD.
- Line 2 – this line uses the coding of the original document to process to the correct fiscal year. The description field on this line must include the complete number of the original document.

## ADDITIONAL GUIDANCE

### ACCOUNT CODING STRUCTURE (FOR THE ADVANTAGE SYSTEM DOCUMENTS)

**Fund** - is a three-digit code, which identifies the fund in which the activity is taking place. A fund number is required on all transactions. The Controller's Office sets up all new fund numbers.

**Agency** – is a three-digit code assigned to each department or division. An agency number is required on all transactions. New agency codes are established through the Budget Division in conjunction with the Controller's Office.

**Organization (Org)** - is a four-digit code. If your agency does not use organization, you must fill in four ZEROS (0000) in the Org field. New organization codes are established through the Controller's Office at the request of the agency.

**Sub-Organization (Sub-Org)** - is a two-digit code. This is not a required field. New Sub-Organization codes are established through the Controller's Office at the request of the agency, and are assigned to an existing agency and organization combination.

**Appropriation Unit** – is a six-digit code, which identifies the budget account and category in which the activity is taking place. All expense/expenditure transactions and revenue transactions require an appropriation unit. New budget accounts requiring legal authority are established through the Budget Division, Department of Administration. New category codes are established by the Controller's Office at the request of the Budget Division.

Appropriation units for budget accounts for transactions not requiring legal authority are established by the Controller's Office in the 6XXX series.

**Object** - is a four-digit code, which identifies the appropriate expense/expenditure or disbursement GL from which an expenditure is being made. All transactions require a general ledger code for either an object, revenue source, or balance sheet account.

**Sub-object** – is a two-digit code used to further identify objects. This is not a required field. Generic sub-object codes from 01 to 99 are established in conjunction with all objects. If an agency chooses to utilize sub-objects, they are responsible for internally defining the sub-object codes used.

**Revenue Source** – is a four-digit code, which identifies the appropriate revenue GL to which a deposit/receipt is being made. All transactions require a general ledger code for either an object, revenue source, or balance sheet account. Revenue and receipt accounts are established by the Controller's Office in cooperation with the Budget Division.

## ACCOUNTING POLICIES AND PROCEDURES

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**Sub-revenue source** – is a two-digit code used to further identify revenue sources. This is not a required field. Sub-revenue sources are set up by the Controller’s Office at the request of the agency, and are assigned to an existing revenue source.

**Balance sheet account** – is a four-digit code, which identifies the asset, liability, or fund balance/equity account being debited or credited. All transactions require a general ledger code for either an object, revenue source, or balance sheet account.

**Job Number** - is a one to eight character alpha/numeric code. All transactions involving federal funds require a job number, in which the first five characters must be the CFDA number. If desired, three additional characters may be added to further identify the transaction. The job numbers are set up through the Controller’s Office.

### ACCOUNTING FOR PASS-THROUGH RESOURCES

When the State receives money on behalf of a third party recipient, pass-through (translating) general ledger account numbers are used to record the receipt and subsequent disbursement. This is necessary to avoid recording revenue and expenditures at the fund level when the State is merely acting as an agent in receiving and disbursing cash.

Receipts should be posted to a translating revenue source number between 4500 and 4599, disbursements to a translating object number between 9170 and 9699. Pass-through receipt and disbursement general ledger accounts should not be used without first contacting your liaison accountant in the Controller’s Office.

### ACCOUNTING FOR CASH RECEIPTS

Cash receipts should be entered into Advantage the day of the deposit if possible, but not to exceed two banking days after the day of the deposit. The agency must use the actual bank deposit date as the date of record when entering the CR document in Advantage. Delays in recording cash receipts result in bank reconciliation problems for the Treasurer’s and Controller’s Offices, and must be avoided whenever possible.

### ACCOUNTING FOR MISCELLANEOUS RECEIPTS AND SALES

Since the passage of the Administrative Procedures Act by the 1965 Legislature, many agencies are now required to make their rules and regulations available to the public at a reasonable charge. Other agencies are also involved in some type of sales to the public or other State agencies.

To provide standardization in handling sales revenues, enhance internal control, and ensure auditable records, the following or similar procedures should be used:

## ACCOUNTING POLICIES AND PROCEDURES

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- Utilization of receipt forms:
  - Agencies should use receipt forms that are numerically sequenced.
  - Receipts should be written when currency and/or coin are received by mail.
  - All receipt numbers should be accounted for. Voided or spoiled receipts should be maintained intact in serial sequence.
  - Adequate explanations should be made on all voided receipts and this information should be verified by a person not responsible for the voiding.
- Receipts should be deposited daily and intact with a bank as the agency's regulations or NRS require. Under no circumstances should collections remain undeposited for more than five working days. Receipts should never be held because an accountability has not been ascertained. Agencies holding collections beyond the date received must have safes, vaults, money chests, or a comparable safekeeping device that is adequate to safeguard cash.
- Receipts should be summarized periodically and accounted for by type (pamphlet sales, reproduction, etc.).
- Adequate records should be maintained so that deposits can be reconciled to sales and receipts.
- If the product sold by the agency can be inventoried, then adequate inventory records should be maintained to identify and control losses.
- Sales and miscellaneous receipts should not be co-mingled with other cash such as petty cash.
- Employees holding sales receipts should keep in mind that these are State funds and, as such, are subject to audit as are other State funds.
- In agencies where there is a substantial volume of sales, the functions of receiving cash, accounting, and depositing of funds should be segregated between employees to provide adequate internal control.
- All checks, money orders and warrants received for deposit should be restrictively endorsed for deposit as soon as practicable after receipt, but no later than at the end of the working day. If the payee space is blank on any instrument received for deposit, the agency's name should be entered immediately. Endorsement stamps should set forth at least the following:
  - State of Nevada
  - Agency Name
  - Bank Account Number
  - For Deposit Only
- Agencies should not:
  - Make disbursements from receipts except when specifically provided for by law. If it is necessary to make change, a petty cash fund should be established through the Board of Examiners;
  - Withhold receipts for the purpose of establishing or augmenting change funds;
  - Cash checks for employees; or
  - Send currency or coin through the mail.
- All receipts of State money, which are not expressly required by law to be received and kept by some other depository, shall be deposited in a Treasurers' designated depository.

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- In order to minimize the possibility of having receipts misappropriated, agencies should attempt to avoid handling receipts that are in the form of currency or coin whenever possible. In an effort to avoid handling currency or coin, agencies should encourage payors to make payments by check, if feasible. Checks should be made payable to the appropriate State agency or to the State of Nevada.
- As a general principle, agencies will accept personal checks to prevent inconvenience to the public. However, agencies may require payment by cash, certified check, cashier's check or money order when:
  - Services or materials cannot be withdrawn if the check is dishonored by the bank and the services or materials are furnished to other than well-established firms or well-known persons; or
  - The payor previously gave the agency a check that was dishonored by the bank.

### USING THE MISCELLANEOUS VENDOR CODE (MISC XXX)

The Miscellaneous Vendor number is used for a vendor who, to the best knowledge of the agency, is a **ONE-TIME** vendor. It is used primarily for the refund of money previously paid to the State, or a restitution payment for the cost of damages. Any other uses of this number must be approved by the Controller's Office. Additionally, the Miscellaneous Vendor number is only to be used with expense/expenditure object codes that are *non-reportable* for 1099 purposes. Because a 1099 form will never be generated for a Miscellaneous Vendor, always use a T vendor number if the payment will be reportable for 1099 purposes. The Controller's Office will be monitoring use of the Miscellaneous Vendor number throughout the year, and any inappropriate use of the Miscellaneous Vendor number must be corrected by the agency.

The Internal Revenue Service 1099 reporting status for expenses/expenditures, are available in the Data Warehouse of Nevada (DAWN), <http://washoe.state.nv.us:7778/swmenu.htm> under Chart of Accounts. Please see the "Vendor Manual Edition for Agency Use" in the Vendor Services section of the Controller's Office Financial Services website, accessible through DAWN, for additional guidance on use of Miscellaneous Vendors.

### PETTY CASH FUNDS

The State Board of Examiners may authorize the establishment of a petty cash account of not more than \$500 for a State agency out of the agency's budgeted resources (NRS 353.252).

Petty cash funds should be maintained on an imprest basis and should remain at the amount established by the Board of Examiners. From time to time, as necessary, the fund may be reimbursed from the agency's regular funds by a voucher payable, made out to the agency petty cash fund in care of the administrator in charge of the fund, i.e., Department of Transportation petty cash in care of John Doe, custodian. The voucher payable should have attached as backup all receipts for which reimbursement is being claimed.

Petty cash funds should be used only for the purpose for which the fund was established and never used to circumvent the normal process of purchasing. For fiscal reporting purposes, use translating object

## **ACCOUNTING POLICIES AND PROCEDURES**

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9742 to establish new petty cash funds. Use normal expenditure objects to replenish funds. To close a petty cash fund, use translating revenue source 4459.

### **OUTSIDE BANK ACCOUNTS**

A State agency must first obtain the approval of the Board of Finance before opening an account in a financial institution. A financial institution can be a bank, credit union, savings and loan association or a brokerage house, etc. The Board of Finance approval is not required where the agency account is specifically authorized by Statute (NRS 356.011). An agency with such authorization must adhere to the following criteria:

- Open the account in the State of Nevada's name. However, the agency's name and the agency program may also be added;
- Submit the name of the account and name of the financial institution to the Treasurer for record keeping purposes; and
- Submit, quarterly, and at the end of each fiscal year, a reconciliation of the account to the Controller for annual reporting purposes.

The Treasurer's office should be contacted (684-5600) for information and guidance on the type(s) of accounts to open and how to disburse interest earnings according to statute or regulation.

### **CANCELING CHECKS**

When a voucher is processed for the incorrect amount or to the incorrect vendor, the original check should be submitted to the Controller's Office, along with a copy of the voucher and a written request to cancel the check stating the reason for cancellation. The agency will need to enter a new payment voucher for the correct amount or to the correct vendor. If the agency does not have the original check, follow the procedures for lost or stolen checks, as described below.

If a check is lost or stolen, the vendor must complete a Lost/Stolen Affidavit. After the agency receives a signed, notarized affidavit, submit it along with a written request to the Controller's Office for a reissued check.

### **STALE ACCOUNTS PAYABLE WARRANTS**

When a warrant is not cashed within 180 days, it becomes stale and non-negotiable. According to NRS 353.135, on the face of each check is printed: "Void if not presented for payment within 180 days after issuance." The Treasurer, by statute (NRS 353.130), will not honor a warrant presented for payment after 180 days. A job to cancel warrants whose original date of issuance is more than 180 days runs nightly in Advantage. It changes the warrant status from outstanding to stale, and creates a stale cancel transaction that posts a debit to restore cash (GL 1000) and a credit to canceled vouchers payable (GL 2001).

## ACCOUNTING POLICIES AND PROCEDURES

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Agencies should print the Stale Check report in DAWN. It is the agency's responsibility to research all stale warrants, since they originally conducted business with the vendor. Agencies have a choice of three actions on stale warrants, as follows:

- **Reissuing a stale warrant** – an agency request and a vendor affidavit or the original warrant must be sent to the Controller's Office for a reissue. The agency request certifies the agency has not otherwise paid the vendor for this claim. The vendor affidavit asserts the vendor has not received payment for the claim and wishes to renew the claim against the State. Stale warrants are reissued from a liability account in the originating fund, not from the agency's account coding.
- **Canceling a stale warrant** – The State Controller's Office will cancel a stale warrant under certain circumstances: if the warrant was to an incorrect vendor; if the warrant was for the wrong amount; if the warrant was a duplicate payment or was written in error; if the liability was discharged or fulfilled in another way; or if the payee owes the State and the agency wishes to use the payment to offset the receivable. Stale warrants will not be canceled if the vendor cannot be located, because a liability to the vendor still exists.
- **Leave the warrant in stale status** – if it is inappropriate to reissue or to cancel a stale warrant, the warrant will remain stale until the payee renews his or her claim against the State and requests the State Controller's Office to issue another warrant, or until six years from the date of issuance. All warrants remaining in stale status are considered to be liabilities of the State. The warrant will remain on the Stale Dated Check report until it is reissued, canceled or six years have passed since the warrant issuance date.

## TAXPAYER IDENTIFICATION NUMBER (TIN) CONTROLS

Many agencies have access to sensitive personal information – social security numbers and employer identification numbers – that must be safeguarded. Agencies that keep this type of information should develop a policy to identify what information is kept, how to secure it, how long to keep it, and how to dispose of it securely when it is no longer needed.

All paper documents, files, CDs, disks, zip drives, tapes, backups, etc. containing sensitive personal information should be stored in a locked room or in a locked file cabinet. Access to the information should be limited to employees with a legitimate business need. Controls should be established to account for the keys and to whom they have been issued.

Require that files containing personally identifiable information be kept in locked file cabinets except when an employee is working on the file. Remind employees not to leave sensitive papers out on their desks when they are away from their workstations. Require employees to put files away, log off their computers, and lock their file cabinets at the end of the day.

Implement information disposal practices that are reasonable and appropriate to prevent unauthorized access to—or use of—personally identifying information. Reasonable measures for each agency should be based on the sensitivity of the information, the costs and benefits of different disposal methods, and changes in technology.

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### SAFEKEEPING DEVICES

The following standards apply to safes, vaults, or other safekeeping devices housing either cash or valuable documents:

- Entry to the device should be limited to as few people as possible consistent with agency's operating requirements;
- A record will be kept showing the date the combination or lock was changed and the names of the people having the present combination or having possession of keys to the lock; and
- The combination will be changed when it becomes known to an excessive number of employees or if any employee having knowledge of the combination leaves the employ of the agency. In the case of key-operated devices, the lock should be changed when an employee having a key to the device leaves the employ of the agency.

### REVENUE RECEIVABLE AND DEBTS DUE THE STATE

Any agency with revenue receivable shall either record those billings in the central accounting system of the State (NRS 353.3235) or maintain a receivable subsidiary ledger and report those receivables on a quarterly basis to the Controller (NRS 353C.120). The following are guidelines for recording, managing, collecting, and reporting accounts receivables.

Accounts Receivable represent fees, fines, taxes, gaming revenues, interest income, charges for services, or other obligations owing to the State of Nevada. For purposes of reporting receivables in the central accounting system of the State and to the Controller, agencies shall record revenue receivable using the accrual basis of accounting. Thus, a receivable should be recognized as revenue as soon as it is earned. In most cases, amounts reported to the Controller as receivables should exclude internal amounts due from other State of Nevada agencies. For purposes of Accounts Receivable Management, other debts and obligations owing to the State of Nevada, such as penalties and returned checks, should also be recorded and monitored by the agency. Each agency must establish a definition of accounts receivable based on the type of revenue they collect and the statutory requirements associated with its collection. Agencies should charge a returned check fee (NRS 353C.115 or other applicable statute) and include the amount in their receivables.

Methods and procedures adopted by agencies to ensure amounts owed are collected should meet the following minimum guidelines:

- **Segregation of Duties**
  - Responsibilities for billing, collecting receipts, posting amounts to the accounts receivable ledger, and reconciling these transactions should be segregated among individuals whenever possible.
  - "Returned" checks should be followed up on by an individual independent of processing and recording cash receipts.
- **Billings**
  - Each agency should establish a minimum billing amount.

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- Billings should be prepared at least once a month unless specified otherwise in the statutes.
- Billings should clearly set forth the following terms and conditions for payment:
  - ✓ Due date
  - ✓ Date when amount is past due
  - ✓ Interest and penalties, when specifically allowed by statutes
  - ✓ Contact information to allow questions and disputes to be resolved in a timely manner
- Billing invoices, credit memos, and other billing adjustments should be pre-numbered to the extent practical and the numeric sequence of all documents accounted for on a periodic basis.
- Billings should be reviewed for accuracy by an individual independent of preparing the billing.
- Credit memos and other billing adjustments should contain adequate explanations and be verified by supervisory personnel.
- Copies of agency billing records shall be maintained in customer files.
- Tax returns, billing invoices, credit memos, and other billing adjustments should be routed as soon as practical to individuals responsible for posting to customer accounts.
- **Cash Receipts**
  - Customer remittance advices, tax returns, applications, or other records accompanying receipts should be forwarded to individuals responsible for posting to customer accounts as soon as practical. Individuals processing accounts receivable transactions should not have access to the cash or checks that accompany customer payments.
- **Accounts Receivable Subsidiary Ledger**
  - An accounts receivable subsidiary ledger or similar internal record shall be maintained that includes the following for each customer and the totals for the agency:
    - ✓ Beginning balance
    - ✓ Charges for services (i.e., amounts billed)
    - ✓ Payments (i.e., collections)
    - ✓ Outstanding Balance
  - An agency's accounts receivable records should also track the following information regarding the debtor:
    - ✓ Name
    - ✓ DBA's if applicable
    - ✓ Federal employer identification number, Social Security number, or driver's license number
    - ✓ Agency account number or license number
    - ✓ Mailing address and physical address, if different
    - ✓ Phone number
  - Postings to the accounts receivable subsidiary ledger should be authorized by appropriate documents such as tax returns, billing invoices, customer remittance advices, credit memos, write-off memos, etc.
  - Any adjustments to customer accounts shall be reviewed by supervisory personnel and documented in agency records.
  - The Accounts Receivable Subsidiary Ledger should facilitate tracking the amounts billed, collected and outstanding on customer accounts, and should be updated and reviewed by management at least monthly.
  - Statements of accounts receivable should be mailed at least monthly.

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- In a computerized accounts receivable system, system controls concerning password protection to limit access to specific functions, and additions to and deletions from customer records should exist.
- **Aged Accounts Receivable**
  - To identify any overdue balances, an aged receivables trial balance of the accounts receivable subsidiary ledger shall also be maintained.
  - The aged trial balance of accounts receivable shall list each customer's balance with columns to show the age of the unpaid invoices (i.e., 30 days, 60 days, 90 days, over 90 days old).
  - The aged trial balance of accounts receivable should be reviewed monthly by supervisory personnel with appropriate collection effort.
- **Collection Efforts**
  - Agencies are encouraged to pursue outstanding accounts receivable in the following manner unless otherwise specified in the statutes:
    - ✓ 30 days delinquent, issue first request for payment letter.
    - ✓ 60 days delinquent, issue final request for payment letter.
    - ✓ If the account is going to be referred to a private debt collector, the final request letter must inform the debtor his account will be turned over for private collection unless the debt is paid (NRS 353C.200).
  - Other effective collection actions include phone calls, arranging for payment plans, credit reporting and collection agencies. An agency may enter into a payment agreement with a debtor that provides for the payment of an outstanding accounts receivable to the agency on an installment basis over a 12-month or lesser period. Upon good cause shown by the debtor, the agency may extend the period during which installment payments will be made for more than a 12-month period (NRS 353C.130).
  - To maximize collection efforts most effectively and efficiently, each agency must set a minimum dollar threshold of accounts receivable over 60 days delinquent to proceed for collection.
  - Delinquent accounts greater than 60 days should be pursued for collection in the following manner:
    - ✓ Determine whether debt offset or deduction is appropriate. Agencies may request the Controller put a vendor 'on hold' that owes a debt to the State. All future payments owed that vendor will be intercepted until the debt to the agency is satisfied (NRS 353C.190, NAC 353C).
    - ✓ General collection remedies are described in NRS 353C including the usage of a debt collection agency. An agency may authorize, through interlocal agreement, the Controller to act as the collection agent for that agency (NRS 353C.195) or the agency may choose to negotiate a contract supplemental to the Controller's contract with private debt collection companies.
    - ✓ Statute of limitations may apply to certain collection efforts available on an agency's accounts. For guidance in statute of limitations see NRS 11.190.
  - An individual independent of recording accounts receivable should investigate and resolve disputed amounts reported by taxpayers or customers.
  - Agencies shall maintain sufficient records to document their collection efforts.

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- **Write-Offs of Accounts Receivable**

- Accounts receivable should be valued at net realizable value, that is, the amount that will be collected on the outstanding receivables.
- Delinquent accounts greater than 90 days should be reviewed and considered for write-down or write-off unless otherwise specified in the statutes.
- If an agency determines that it is impossible or impractical to collect on the outstanding receivables, the agency may request the Board of Examiners to designate the debt as a bad debt (unless your agency has a specific statute granting authority). Typically, write-downs and write-offs should occur when collection efforts have been exhausted, amounts are considered uncollectible, or are lower than the minimum threshold established by an agency.
- Write-downs and write-offs should be approved at the agency level by an individual independent of collecting and posting accounts receivable transactions.
- All write-downs and write-offs must be approved by the Board of Examiners, unless otherwise authorized by a specific statute.
- The Controller's Office shall be notified of accounts that have been written off and shall direct the removal of the debt from the books of account of the State of Nevada.
- Payment on accounts previously written down or written off shall be recorded as revenue in the year of receipt.

- **Reconciliations**

- Total collections on accounts receivable shall be reconciled against postings to individual receivable accounts preferably on a weekly basis, however at least monthly.
- Accounts receivable trial balances shall be reconciled to the Controller's Financial System at least annually.

## **STANDARD CHART OF ACCOUNTS**

### **CLASSIFICATION OF GENERAL LEDGER ACCOUNTS**

A classification system is a basic component of any accounting system so general ledger accounts flow in an orderly manner into the various fiscal reports which are produced. General ledger accounts are grouped into assets, liabilities, equity, revenues, expenditures/expenses, or pass-through receipts or disbursements.

### **CHART OF ACCOUNTS, EXPLANATION**

A chart of accounts lists in numerical order, the accounts included within the classification system. It is used to determine which general ledger account numbers should be used to code transactions being processed.

### **USE OF GENERAL LEDGER ACCOUNTS WITHIN CLASSIFICATION SYSTEM**

All transactions are processed as revenues, receipts, expenses/expenditures, or disbursements, in order to track them through the budgetary system. Generally, no fund-level transactions are allowed except in agency funds. The following overview is a brief description of revenues and expenses/expenditures. Agencies needing more information should contact their liaison accountant at the Controller's Office.

Revenues, depending upon the type of fund (proprietary or governmental), are accounted for either when earned or when measurable and available. Revenue general ledger accounts for individual budgets are requested by the Department of Administration, Budget Division. The Controller then approves and establishes them in the State accounting system.

Expenditures are accounted for in governmental fund types when a liability is created. Expenses are recorded in proprietary fund types when they are incurred. Expense/expenditure general ledger accounts are classified by object based upon their nature rather than by the purpose for which they were incurred. Agencies are required to select the expense/expenditure general ledger account which: a) most closely describes the charge being recorded, and b) has the appropriate Internal Revenue Service 1099 reporting status for the transaction being recorded.

Agencies can request an alternate description for revenues and expenditures within a specific budget account. Contact your budget analyst to initiate such requests.

### **GENERAL LEDGER SUMMARY CHART OF ACCOUNTS AND DEFINITIONS**

A summary of general ledger accounts is listed below. More detail and definitions can be found starting on page 34. Definitions given are basic and not limited only to examples cited.

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**NOTE:** This summary Chart of Accounts is not all-inclusive. Assets, liabilities, revenues/receipts, and expenses/expenditures/disbursements all have expanded titles within the ranges indicated. The titles for all general ledgers, as well as the Internal Revenue Service 1099 reporting status for expenses/expenditures, are available in the Data Warehouse of Nevada (DAWN), <http://washoe.state.nv.us:7778/swmenu.htm> under Chart of Accounts. Please note not all general ledger codes within a series are active. The series represent a group of designated codes for certain transactions, but not all codes have been defined and established by the Controller's Office. If additional codes are needed within a series, contact the Controller's Office liaison assigned to your agency.

### **General Ledger**

<b><u>Account Numbers</u></b>	<b><u>General Ledger Titles</u></b>
<b><i>ASSETS</i></b>	
1000-1799	Current Assets
1800-1999	Long-term Assets
 <b><i>LIABILITIES, EQUITIES AND BUDGETARY ACCOUNTS</i></b>	
2000-2299	Current Liabilities
2300-2479	Long-term Liabilities
2480-2599	Various Budgetary and Equity Accounts
2550	Fund Balance
2554	Net Assets
2600-2699	Payroll Related Liabilities
2800-2899	Other Long-term Liabilities
 <b><i>REVENUES/RECEIPTS</i></b>	
3001-3299	Unrestricted Revenues
3300-3340	Restricted Revenues – Taxes
3401-3600	Restricted Revenues – Federal Grants
3601-3799	Restricted Revenues – Licenses and Fees
3801-4350	Restricted Revenues – Charges for Services and Other Revenues
4351-4355	Expense/Expenditure Reductions
4401-4499	Translating/Asset Reductions ( <i>Contact Controller's first</i> )
4500-4599	Translating/Pass-through Receipts ( <i>Contact Controller's first</i> )
4600-4999	Transfers and Non-operating Items
 <b><i>EXPENSES/EXPENDITURES/DISBURSEMENTS</i></b>	
<b><i>Personnel Services Series</i></b>	
5100	Gross Salaries
5170	Seasonal Salaries
5190	Supplemental Military Pay
5200	Workers Compensation
5300	Retirement
5400	Personnel Assessment
5500	Group Insurance
5610-5650	Leave Pay
5700	Payroll Assessment

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5750	Retired Employee's Insurance Assessment
5800	Unemployment Compensation
5810	Overtime Pay
5820	Holiday pay
5830	Comp Time Payoff
5840	Medicare
5841-5999	Other personnel expenses/expenditures

### *Travel Series*

6001	Other Travel Expenses/Expenditures
6100-6108	Per Diem Out-of-State
6110	Motor Pool Out-of-State
6115	Non-Motor Pool Out-of-State
6120-6123	Auto Miscellaneous Out-of-State
6130-6133	Public Transportation Out-of-State
6140-6143	Personal Vehicle Out-of-State
6150-6153	Commercial Air Transportation Out-of-State
6160	State-owned Air Transportation Out-of-State
6170-6174	Travel Card Charges Out-of-State
6200-6207	Per Diem In-State
6210-6213	Motor Pool In-State
6215	Non-Motor Pool In-State
6220-6223	Auto Miscellaneous In-State
6230-6233	Public Transportation In-State
6240-6243	Personal Vehicle In-State
6250-6253	Commercial Air Transportation In-State
6260	State-owned air transportation In-State
6270-6274	Travel Card Charges In-State

### *Operating Series*

7020-7029	Operating Supplies
7030-7034	Freight & Delivery Charges
7037-7039	Communication Repair Charges
7040-7049	Printing and Copying Services
7050-7059	Insurance
7060-7072	Contracts – General Services
7073	Contracts – Maintenance of Software
7074	Contracts – Maintenance of Hardware
7075	Contracts – Medical and Health Care
7076	Contracts – Pharmaceutical Services
7077-7078	Contracts – Foster Care
7079	Contracts – Purchase of Goods or Materials
7080-7086	Legal and Court Expenses/Expenditures
7087	Nonexpert Witness Fees
7088	Expert Witness Fees
7089	Jury Fees

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7090-7099	Equipment Repair Services
7100-7105	State-owned Building Rental
7110-7119	Non-State-owned Building Rent
7120-7129	Advertising and Public Relations
7130-7139	Utilities
7140-7149	Maintenance of Buildings and Grounds
7150-7159	Vehicle Operation
7160-7167	Aircraft Operation
7170-7177	Clothing/Uniform/Tool Allowance
7180-7189	Medical and Dental Expenses/Expenditures
7190-7199	Stipends, Commissions and Prizes
7200-7209	Food
7211	MSA Programmer Charges
7220-7226	Other EDP Costs (non-DOIT)
7230-7231	Minor Improvements – Buildings/Fixtures
7240-7242	Host Fund Expenses/Expenditures
7250-7255	Buildings and Grounds Special Services
7260-7261	Taxes and Assessments
7265-7269	Claims Costs & Payments
7270-7279	Interest Expenses/Expenditures
7280-7285	Postage
7290-7299	Telephone
7300-7306	Dues and Registrations
7310-7312	Power and Gas Purchases
7320-7324	Instructional Supplies
7330-7334	Special Reports/Projects
7340-7344	Inspections and Certifications
7350-7359	Court Awards
7360	University Operations
7370-7374	Publications and Periodicals
7380-7382	Employee Moving Expense/Expenditures
7387-7388	NHP and NDOT Cost Allocations
7390	Credit Card Discount Fees
7391	Attorney General Cost Allocation
7392-7393	Assessments – State Agencies
7394-7399	Agency-Specific Cost Allocations
7400-7409	Client Service Provider Payments
7410-7419	Client Medical Provider Payments
7420-7429	Client Material Provider Payments
7430-7439	Professional Services
7440	Interview Expenses/Expenditures
7445-7448	Scholarships
7449	Prepaid Tuition Payments
7460-7464	Equipment Under \$1,000
7500-7502	Payments to Individuals for Services
7509-7556	DOIT charges

## ACCOUNTING POLICIES AND PROCEDURES

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7560-7579	Internal Service Funds Only
7630-7639	Miscellaneous Expenses/Expenditures
7650-7659	Refunds
7750-7753	Non-State Employees In-State Travel
7760-7763	Non-State Employees Out-of-State Travel
7770-7772	Computer Software
7800-7804	Nursery and Farming
7830-7835	Debt Service Funds Only
7860-787Z	NDOT In-House
7950	Rent Subsidy
7960-7963	Land/Equipment Rental
7970-7973	Materials
7980-7984	Operating Lease Expense

### *Capital Outlay Series*

8100	Land
8101	Non-cash Capital Improvements
8110	Easements
8120	Land Improvements
8125	Improvements Other Than Buildings
8130-814Z	Highway Construction
8150	Buildings
8151-8154	Building Improvements
8160-8199	Capital Improvement Projects

### *Equipment Series*

8200	Water System Equipment
8210	Mobile Homes/Storage Sheds
8220	Trailers
8230	Microwave Stations and Systems
8240-8242	New Furnishings
8250-8252	Major Equipment New
8260	Boats
8270-8277	Special Equipment New
8280	Heavy Duty Trucks New
8290-8293	Telephone Equipment
8300	Aircraft
8310	Pickups/Vans New
8320-8321	Used Major Equipment
8330-8334	Office and Other Equipment
8340-8341	Special Purpose Vehicles
8350-8351	Used Furnishings
8360	Automobiles - New
8370-8374	Computer Hardware
8380-8381	Used Vehicles
8390-8394	Miscellaneous Equipment

## ACCOUNTING POLICIES AND PROCEDURES

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8401	Major Equipment Repairs/Improvements
8410-8412	Principal Installment/Lease Purchase
 <i><b>Bond and Remit Series</b></i>	
8430	Arbitrage Payments
8470	Refunding Payments
8499	Remit to Federal Government ( <i>Contact Controller's first</i> )
 <i><b>Aid to Nevada Governmental Units Series</b></i>	
8501-8549	Aid to Nevada Counties and Cities
8550-8551	Aid to Nevada Boards and Commissions
8560-8599	Aid to Other Nevada Governmental Units
 <i><b>Aid for Education and Training Series</b></i>	
8601-8619	Aid for School Districts
8620-8639	Aid for Private Schools, Charter Schools and Training Institutes
8640-8649	Aid for Institutions of Higher Education
8651	Intergovernmental Other (for Controller's Office use only)
8660-8672	Aid for Private Schools, Charter Schools and Training Institutes (continued)
 <i><b>Aid or Grant Series</b></i>	
8700-8740	Aid to Individuals
8741	Subsidy to Individuals
8750-8759	Aid to Private Organizations
8770-8779	Respite Care, Foster Care and Client Rent
8780-8789	Aid to Non Profit Organizations
8795-8797	Grants
8798-8799	Non Taxable Grants
8801-8999	Various Expenses/Expenditures (for Controller's Office use only)
 <i><b>Transfer and Translating Disbursement Series</b></i>	
9001-9169	Operating Transfers to State Agencies
9170-9699	Translating/Pass-through Disbursements ( <i>Contact Controller's first</i> )
9700-9709	Translating/Inventory ( <i>Contact Controller's first</i> )
9710-9744	Translating Disbursements ( <i>Contact Controller's first</i> )
9760-9767	Fund Level Transfers (for Controller's Office use only)
9770-9827	Other Disbursements ( <i>Contact Controller's first</i> )

## ACCOUNTING POLICIES AND PROCEDURES

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### GENERAL LEDGER ACCOUNT DEFINITIONS

#### ASSETS

<u>GL SERIES</u>	<u>TITLE AND DEFINITION</u>
1000-1799	<b>Current assets:</b> Resources owned or held by a government which have monetary value and will be used or converted into cash within one year.
1800-1999	<b>Long-term assets:</b> Resources owned or held by a government which have monetary value and will not be used or converted to a current asset within one year.

#### LIABILITY, EQUITY AND BUDGETARY ACCOUNTS

<u>GL SERIES</u>	<u>TITLE AND DEFINITION</u>
2000-2299	<b>Current liabilities:</b> Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at a future date within one year.
2300-2479	<b>Long-term liabilities:</b> Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded after one year.
2480-2599	<b>Various budgetary and equity accounts:</b> Various budgetary control accounts and general ledgers used for recording internal budgetary transactions and various equity general ledger accounts and accounts to be used for adjustments to the equity accounts. For additional information relative to these accounts, the Controller's Office should be contacted.
2550	<b>Fund balance:</b> The difference between fund assets and fund liabilities of governmental funds.
2554	<b>Net assets:</b> The difference between fund assets and fund liabilities of an Enterprise or Internal Service Fund.
2600-2699	<b>Payroll related liabilities:</b> For Payroll Fund use only.
2800-2899	<b>Other long-term liabilities:</b> See general ledger account range 2300-2479.

#### REVENUES/RECEIPTS

<u>GL SERIES</u>	<u>TITLE AND DEFINITION</u>
3001-3299	<b>Unrestricted revenues:</b> These revenues are for general use by State government and not restricted for use by laws or contracts. They are fully subject to legislative appropriation and support general government services. They are deposited into the General Fund (9XXX series Budget Accounts only). Classifications of unrestricted revenues include: <ul style="list-style-type: none"><li>➤ <b>Sales and use taxes:</b> Taxes imposed upon the sale or consumption of selected goods.</li><li>➤ <b>Gaming taxes:</b> Taxes imposed upon various gaming activities and/or receipts.</li><li>➤ <b>Other taxes:</b> Revenue from taxes on varied activities or products not specified in a separate classification.</li><li>➤ <b>Licenses and fees:</b> Licenses and fees imposed on various businesses or activities.</li></ul>

## ACCOUNTING POLICIES AND PROCEDURES

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- **Cost Allocation Plan Recovery:** Charges to non-general fund supported programs for cost of central services provided to those programs by agencies supported entirely through general fund appropriations.
  - **Charges for services:** Revenues from providing services or products usually segregated under functional and activity groupings.
  - **Interest earnings:** Revenues derived from charging for the use of money.
  - **Other general revenue:** Miscellaneous revenue not classified under separately established definitions.
- 3300-4350 **Restricted revenue:** Revenue for which the expenditure is restricted by law or contract to specified activities.
- 3300-3340 - Taxes
  - 3401-3600 - Federal Grants
  - 3601-3799 - Licenses and Fees
  - 3801-4350 - Charge for Services and Other Revenues
- 4351-4355 **Expense/expenditure reductions:** Reimbursement of a current year expense/expenditure. Note: Minor amounts should be credited against the original expense/expenditure account.
- 4401-4499 **Translating/asset reductions:** Any collection of a loan or other receivable. These GL's translate to a balance sheet account. *Contact Controller's Office for approval.*
- 4500-4599 **Translating/pass-through receipts:** In-flow of assets from a source that are to be passed on for use by another entity. For more information, see guidance in section on Accounting for Pass-Through Resources. These GL's translate to a balance sheet account. *Contact Controller's Office for approval.*
- 4600-4999 **Transfers and non-operating items:** Any in-flow of assets from other funds not classifiable as revenue or pass-through receipts. *To be used only after contacting Controller's Office for approval.*

## EXPENSES/EXPENDITURES/DISBURSEMENTS

### 5000 - PERSONNEL SERVICES SERIES

#### GL SERIES

#### TITLE AND DEFINITION

- 5100 **Gross salaries:** Regular salary or wages paid to State employees prior to any payroll deductions.
- 5170 **Seasonal salaries:** Salary or wages paid to seasonal State employees prior to any payroll deductions.
- 5190 **Supplemental military pay:** Amounts paid to State employees on leave for active military duty.
- 5200 **Workers compensation:** Payroll assessments for Employer's Insurance Company of Nevada.
- 5300 **Retirement:** State share of retirement contributions made for each employee.
- 5400 **Personnel assessment:** The charge to each State agency, based upon employees' gross salaries.
- 5500 **Group insurance:** The charge to each State agency for group insurance premiums for its employees.

## ACCOUNTING POLICIES AND PROCEDURES

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5610-5650	<b>Leave Pay:</b> Salary or wages paid to State employees for annual, sick, comp and other leave, prior to any payroll deductions.
5700	<b>Payroll assessment:</b> A charge to each State agency determined by applying a percentage to gross salaries for costs related to payroll processing.
5750	<b>Retired employee's insurance assessment:</b> An assessment on gross salaries to fund insurance coverage for retired employees.
5800	<b>Unemployment compensation:</b> An employer-paid expense charged to each State agency for unemployment compensation based on employees' gross salaries up to a maximum salary level.
5810	<b>Overtime pay:</b> Payments to employees for working beyond their normal hours. Includes payments for time originally recorded as compensatory time.
5820	<b>Holiday pay:</b> Salary or wages paid to employees for legal holidays.
5830	<b>Comp time payoff:</b> Wages paid to State employees for compensation of over-time for which compensatory time off was originally accrued but not taken.
5840	<b>Medicare:</b> A charge for the employer's share of Medicare FICA coverage on all employees hired after April 1, 1986.
5841-5999	<b>Other personnel expenses/expenditures:</b> Personnel related expenses/expenditures not previously specified.

**6000 - TRAVEL SERIES - Travel expenses for out-of-State travel are recorded using general ledger accounts 6100-6179. Travel expenses for in-State travel are recorded using general ledger accounts 6200-6279.**

<u>GL SERIES</u>	<u>TITLE AND DEFINITION</u>
6001	<b>Other travel expenses/expenditures:</b> Miscellaneous travel expenses/expenditures not specified in another general ledger account.
6100-6108	<b>Per diem out-of-state:</b> Payments made to employees and board or commission members as an allowance for meals, lodging and incidentals while traveling.
6110	<b>Motor Pool out-of-state:</b> Charges from the Motor Pool Division for vehicles used for travel.
6115	<b>Non-Motor Pool out-of-state:</b> Charges for non-Motor Pool Division rental of vehicles used for travel.
6120-6123	<b>Auto miscellaneous out-of-state:</b> Miscellaneous auto charges for vehicles used in travel status.
6130-6133	<b>Public transportation out-of-state:</b> Costs of transportation including taxicabs, limousine service, buses, railroads, rented vehicles and other forms of transportation associated with travel, excluding personal vehicles, airplanes and Motor Pool Division vehicles. Expenses/expenditures can be paid in the form of reimbursement to employees or board or commission members.
6140-6143	<b>Personal vehicle out-of-state:</b> Reimbursements made to employees or board or commission members while on State business for using their personal vehicle or aircraft, when used either for the convenience of the employee or the State. This can be used for airfare in lieu of mileage.
6150-6153	<b>Commercial air transportation out-of-state:</b> Costs of commercial airplane transportation that can be directly paid to travel agencies or airlines or to employees or board or commission members for ticket reimbursements.

## ACCOUNTING POLICIES AND PROCEDURES

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6160	<b>State-owned air transportation out-of-state:</b> Charges for transportation on State-owned aircraft. This includes pilots' per diem charges.
6170-6174	<b>Travel card charges out-of-state:</b> Charges by travel card companies and banks for cash advances (ATM fees) and for late fees. These charges are usually for travel reimbursement to the employee or board/commission member.
6200-6207	<b>Per diem in-state:</b> Payments made to employees and board or commission members as an allowance for meals, lodging and incidentals while traveling.
6210-6313	<b>Motor Pool in-state:</b> Charges from the Motor Pool Division for vehicles used for travel.
6215	<b>Non Motor Pool in-state:</b> Charges for non-Motor Pool Division rental of vehicles used for travel.
6220-6223	<b>Auto miscellaneous in-state:</b> Miscellaneous auto charges for vehicles used in travel status.
6230-6233	<b>Public transportation in-state:</b> Costs of transportation including taxicabs, limousine service, buses, railroads, rented vehicles, ATV rentals and other forms of transportation associated with travel, excluding personal vehicles, airplanes and Motor Pool Division vehicles. Expenses/expenditures can be paid in the form of reimbursement to employees or board or commission members.
6240-6243	<b>Personal vehicle in-state:</b> Reimbursements made to employees or board or commission members while on State business for using their personal vehicle or aircraft, when used either for the convenience of the employee or the State. This can be used for airfare in lieu of mileage.
6250-6253	<b>Commercial air transportation in-state:</b> Costs of commercial airplane transportation that can be directly paid to travel agencies or airlines or to employees or board or commission members for ticket reimbursements.
6260	<b>State-owned air transportation in-state:</b> Charges for transportation on State-owned aircraft. This includes pilots' per diem charges.
6270-6274	<b>Travel card charges in-state:</b> Charges by travel card companies and banks for cash advances (ATM fees) and for late fees. These charges are usually for travel reimbursement to the employee or board/commission member.

### **7000 – OPERATING EXPENSES SERIES**

#### GL SERIES

#### TITLE AND DEFINITION

7020-7029	<b>Operating supplies:</b> Costs to purchase office stationery, forms, pens, pencils and costs paid for functional supplies; i.e., chemicals, laboratory supplies, cleaning and sanitation supplies, feed for animals, household and institutional supplies and recreational supplies.
7030-7034	<b>Freight and delivery charges:</b> costs for freight and delivery, such as Federal Express and UPS. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
7037-7039	<b>Communication repair charges:</b> costs for the repair of communication equipment. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
7040-7049	<b>Printing and copying services:</b> Printing, copying, binding, microfilming, imaging, photographs, prints, maps, annual reports, outside printing and other like items. Payments to the Printing Division are to be charged here. Payments to

## ACCOUNTING POLICIES AND PROCEDURES

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	outside vendors are reportable to the Internal Revenue Service as miscellaneous income.
7050-7059	<b>Insurance:</b> Costs other than those related to personnel services, including bonds, vehicle insurance, property and contents insurance, and deductible paid to EICON. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.
7060-7079	<b>Contract services:</b> Services rendered while under a contract. Payments to outside vendors for contractual services other than individual foster care are reportable to the Internal Revenue Service. NOTE: Contracts for capital leases, fixed assets and construction should be charged to the appropriate capital account in the 8200-8419 series. Contracts for operating leases should be charged to the appropriate operating lease account in the 7980-7984 series. <ul style="list-style-type: none"><li>➤ 7060-7072 – General contract services.</li><li>➤ 7073 – Contracts for maintenance of software.</li><li>➤ 7074 – Contracts for maintenance of hardware.</li><li>➤ 7075 - Contracts for medical and health care.</li><li>➤ 7076 – Contracts for pharmaceutical services.</li><li>➤ 7077-7078 – Contracts for foster care.</li><li>➤ 7079 – Contracts for purchase of goods or materials (not reportable to the Internal Revenue Service).</li></ul>
7080-7086	<b>Legal and court expenses/expenditures:</b> Charges for legal services and court expenses from the Attorney General's Office (unless collected through the Attorney General cost allocation plan) or an outside entity. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.
7087	<b>Nonexpert witness fees:</b> Payments to individuals acting as a nonexpert witness. Not reportable to the Internal Revenue Service.
7088	<b>Expert witness fees:</b> Payments to individuals acting as an expert witness. Reportable to the Internal Revenue Service as miscellaneous income.
7089	<b>Jury fees:</b> Payments to individuals serving on a jury.
7090-7099	<b>Equipment repair services:</b> Office and other equipment repair of a minor nature not classifiable as capital outlay. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.
7100-7105	<b>State-owned building rental:</b> Rent payments to the Buildings and Grounds Division should be charged to 7100. Rent payments to other state agencies for rental of buildings owned by the State should be charged to 7105.
7110-7119	<b>Non-State-owned building rent:</b> Costs for renting or leasing buildings not owned by the State. This account also includes the costs for renting or leasing space for storage, meetings or conferences and all costs associated with drafting leasing agreements. Payments to outside vendors, except real estate agents, are reportable to the Internal Revenue Service as rental income.
7120-7129	<b>Advertising and public relations:</b> Payments for printed announcements in professional periodicals and newspapers or for radio or television announcements. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.

## ACCOUNTING POLICIES AND PROCEDURES

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- 7130-7139 **Utilities:** Bottled water, hazardous waste disposal, electric, heating oil, gas, propane, garbage disposal, water and sewer services, other utilities (i.e., cable TV) as well as payments to Buildings and Grounds for water usage.
- 7140-7149 **Maintenance of buildings and grounds:** Lumber, paint, electric supplies, hardware supplies, heating and air conditioning supplies and shop supplies needed for maintenance. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income. Payments to outside vendors for supplies are not reportable to the Internal Revenue Service.
- 7150-7159 **Vehicle operation:** Agency-owned vehicle operation, maintenance, gasoline and other similar costs. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income. Payments to outside vendors for supplies are not reportable to the Internal Revenue Service.
- 7160-7167 **Aircraft operation:** All expenditures involved in the maintenance and operation of aircraft owned by an agency. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income. Payments to outside vendors for supplies are not reportable to the Internal Revenue Service.
- 7170-7177 **Clothing/uniform/tool allowance:** Reimbursement to employees for the purchase of clothing, uniforms or tools used in their work, the outright purchase of these items on behalf of the employee and the maintenance of these items. Payments for these items may be reportable to the Internal Revenue Service as miscellaneous income.
- 7180-7189 **Medical and dental expenses/expenditures:** Medical and dental supplies or services; drugs, prescription or non-prescription; pharmaceutical supplies; genetic screening and client-related medical appliances that are not part of an approved contract. Payments to outside vendors for services are reportable to the Internal Revenue Service as medical income. Payments to outside vendors for supplies are not reportable to the Internal Revenue Service.
- 7190-7199 **Stipends, commissions and prizes:** Stipends: Payments for services to non-state employees. This includes inmate payrolls. Commissions: Percentage of sales given to individuals, including payments to employee associations for vending machine proceeds. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income. Any payments to State employees are reportable to the Internal Revenues Service on the W-2.
- 7200-7209 **Food:** Purchased for human consumption only.
- 7211 **MSA programmer charges:** Non-DOIT IT labor including programming, project management, quality assurance and PC/LAN technician from outside vendors through Master Services Agreement contract.
- 7220-7226 **Other EDP costs (non-DOIT):** Costs related to maintaining an in-house EDP system. Does not include initial purchase of software or hardware. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income. NOTE: Costs related to software license and hardware license maintenance contracts are to be coded to objects 7073 and 7074, respectively.
- 7230-7231 **Minor improvements - building/fixtures:** Costs of building, remodeling projects totaling less than \$100,000 and not done by the Buildings and Grounds

## ACCOUNTING POLICIES AND PROCEDURES

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	Division. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
7240-7242	<b>Host fund expenses/expenditures:</b> Payments for special entertainment for dignitaries. Host Funds must have prior approval of the Legislature. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
7250-7255	<b>Buildings and Grounds special services:</b> Services provided by the Buildings and Grounds Division at the request of the agency such as minor office remodeling, furniture construction, moving, installation of shelving, minor repairs, etc. The Buildings and Grounds assessment on non-state owned building rent should be charged to GL 7255.
7260-7261	<b>Taxes and assessments:</b> Property taxes or other assessments being paid that have been passed through to the State through leases. NOTE: The State should not pay taxes of any kind and State agencies should negotiate these out of their lease agreements if possible.
7265-7269	<b>Claims costs &amp; payments:</b> payments for various claims costs and expenses.
7270-7279	<b>Interest expenses/expenditures:</b> This account includes all charges paid for the use of money. Costs of leasing equipment under a capital lease agreement (See definition for 8410-8419 series) should be split between general ledger accounts 7270 and 8410 series. Payments to outside parties are reportable to the Internal Revenue Service as interest income.
7280-7285	<b>Postage:</b> Includes charges that are paid to the U.S. Post Office or to the State Mail Room.
7290-7299	<b>Telephone:</b> Costs for regular monthly service charges for telephone, facsimile, communication lines, voice mail, cell phones and pagers. Also includes charges for long distance and telephone and data wiring.
7300-7306	<b>Dues and registrations:</b> Memberships in professional or other organizations and associations. Also includes fees for taking classes or attending seminars. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income. Object code 7306 is to be used for reimbursing employees for registration fees, and is not reportable to the Internal Revenue Service for 1099 purposes.
7310-7312	<b>Power &amp; gas purchases:</b> Electrical power and gas purchased for resale to utility districts.
7320-7324	<b>Instructional supplies:</b> Payments for teaching aids which are used in workshops or training seminars. These may include films, multiple reference books or any other supply that can appropriately be classified as a training item and costs less than \$5,000.
7330-7334	<b>Special reports/projects:</b> Costs incurred for special items such as computer searches and other special fees that cannot be charged to the printing and copying accounts in the 7040 object code series. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.
7340-7344	<b>Inspections and certifications:</b> Inspections required by State agencies for sanitation, public safety and other related areas. Payments to outside vendors are reportable to the Internal Revenue Service as miscellaneous income.

## ACCOUNTING POLICIES AND PROCEDURES

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- 7350-7359 **Court Awards:** Court awards, torts, settlements and interest for physical injury, property damage, punitive damages or compensatory damages paid to individuals or to attorneys. Payments to individuals (except for physical injury or property damage) and to attorneys are reportable to the Internal Revenue Service.
- 7350-7351 – Physical injury or property damages paid to an individual.
  - 7352 – Physical injury or property damages paid to an attorney. Payments to attorneys are reportable to the Internal Revenue Service as gross proceeds.
  - 7353 – Punitive damages paid to an individual. Payments for punitive damages to individuals are reportable to the Internal Revenue Service as miscellaneous income.
  - 7354 – Punitive damages paid to an attorney. Payments to attorneys are reportable to the Internal Revenue Service as gross proceeds.
  - 7355-7356 – Compensatory damages paid to an individual. Payments for compensatory damages to individuals are reportable to the Internal Revenue Service as miscellaneous income.
  - 7357 – Compensatory damages paid to an attorney. Payments to attorneys are reportable to the Internal Revenue Service as gross proceeds.
  - 7358 – Interest paid to individuals. Payments for interest are reportable to the Internal Revenue Service as interest income.
  - 7359 – Interest paid to an attorney. Payments to attorneys are reportable to the Internal Revenue Service as gross proceeds.
- 7360 **University operations:** Monthly draw-downs for the Nevada System of Higher Education.
- 7370-7374 **Publications and periodicals:** Subscriptions to newspapers, magazines, publications and periodicals or their cost on an individual basis. Includes CD ROM's.
- 7380-7382 **Employee moving expense/expenditures:** Moving expenses resulting from the transfer of a permanent State employee from one community to another in accordance with the provisions of SAM Section 0238.
- 7387-7388 **NHP and NDOT cost allocations:** payments for NHP dispatch cost allocation should be coded to object 7387, and payments for NDOT radios cost allocation should be coded to object 7388.
- 7390 **Credit card discount fees:** Costs associated with accepting credit card payments for goods or services. These fees are paid to the banking systems and represent the State's cost for accepting credit cards.
- 7391 **Attorney General cost allocation:** Cost of all non-litigation legal services provided to State agencies by the Office of the Attorney General.
- 7392-7393 **Assessments – State agencies:** Payments to support the DOIT planning and contract administration divisions and the Purchasing Division.
- 7394-7399 **Agency-specific cost allocations:** Internal payments by an agency's budget account for charge for services provided by another budget account. Must be offset by a cost allocation reimbursement GL in the series 4230-4235.
- 7400-7409 **Client service provider payments:** Payments to service providers to benefit clients, including payments for travel; the cost of Motor Pool vehicles used to transport clients; client escorting costs; payments for professional, training or rehabilitation services; payments for attendant care (i.e., interpreter services) and

## ACCOUNTING POLICIES AND PROCEDURES

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- services to disabled clients. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
- 7410-7419 **Client medical provider payments:** Payments to medical, dental and health service providers to benefit clients. Payments to outside vendors for medical services are reportable to the Internal Revenue Service as medical income.
- 7420-7429 **Client material provider payments:** Payments to providers of goods, materials or supplies to benefit clients, including training materials, rehabilitation materials, client canteen purchases, purchase of clothing for client use, purchase of prescription or non-prescription drugs, purchases of adaptive equipment (i.e., wheelchairs, etc.). If the payment includes both goods and services, use GLs 7400-7409.
- 7430-7439 **Professional services:** Services not otherwise listed that are provided on a non-contractual basis, including CPAs, consultants, architects, professional training services or temporary employment services. Use GLs 7080-7089 for legal services and 7180-7189 for medical, dental and health care services. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
- 7440 **Interview expenses/expenditures:** Payment of travel expenses to interview candidates for employment.
- 7445-7448 **Scholarships:** Payments made to a degree candidate for tuition, fees, books, supplies or equipment to attend an educational institution. Payments for room and board, teaching, research or other services are considered wages and should be reported on the individual's W-2 form. If you think payments should be reported on a W-2, please contact the Controller's Office for guidance.
- 7449 **Prepaid tuition payments:** Disbursements to an institution of higher education for tuition or other fees associated with a state-sponsored prepaid tuition program.
- 7460-7464 **Equipment under \$1,000:** Equipment purchases with a unit cost of less than \$1,000 should be charged here. These purchases are not capitalized, but should be inventoried by the agency.
- 7500-7502 **Payments to individuals for services:** Use for payments to individuals not properly classified as a contract or professional service or in some other available general ledger. Payments to individuals for services are reportable to the Internal Revenue Service as miscellaneous income.
- 7509-7556 **DOIT charges:** payments to the Department of Information Technology for various charges.
- 7560-7579 **Internal service funds only:** Various expense general ledger accounts for use by Internal Service Funds only.
- 7630-7639 **Miscellaneous expenses/expenditures:** Amounts paid for goods and materials (7630-7634) or services (7635-7639) not properly classifiable in one of the general ledger accounts included in the 7000 series. Payments classified here should be occasional in frequency and minor in amount. If the payment includes both goods and services, use GL's 7635-7639. GL 7637 is to be used only for notary fee application and renewal payments. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
- 7650-7659 **Refunds:** Payments to refund amounts received in excess of what was due, including refunds of revenue where the agency wants to show gross revenue and

## ACCOUNTING POLICIES AND PROCEDURES

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refunds separately. GL 7659 is to be used only for the Senior Citizens Property Tax Refund to refund qualified senior citizens property taxes on owned or rented property.

- 7750-7753     **Non-State employees in-State travel:** In-State travel expenses for consultants and other persons not considered State personnel on an accountable plan basis only. This includes payments of travel expenses to an individual under a contract which does not include travel expenses in the contract. If the contract specifies travel expenses are included in the contract amount, then use General Ledger series 7060 to 7072.
- 7760-7763     **Non-State employees Out-of-State travel:** Out-of-State travel expenses for consultants and other persons not considered State personnel on an accountable plan basis only. This includes payments of travel expenses to an individual under a contract, which does not include travel expenses in the contract. If the contract specifies travel expenses are included in the contract amount, then use General Ledger series 7060 to 7072.
- 7770-7772     **Computer software:** Costs for outright purchases of computer software. Use G/L 7770 if \$5,000 or more per license and G/L 7771-7772 if less than \$5,000.
- 7800-7804     **Nursery and farming:** Costs related to raising trees, plants and livestock (used by the Department of Corrections, Department of Conservation and Natural Resources and the Nevada Youth Training Center).
- 7830-7835     **Debt service funds only:** Various expenditure general ledger accounts for use by debt service funds only. Payments to outside vendors for interest are reportable to the Internal Revenue Service as interest income. Payments to outside vendors for fees are reportable to the Internal Revenue Service as miscellaneous income.
- 7860-787Z  
7950     **NDOT In-House:** For use by Nevada Department of Transportation only.  
**Rent subsidy:** Reimbursement received for excess rent paid by an agency because of a mid-year relocation. Payments to outside vendors for rent are reportable to the Internal Revenue Service as rental income.
- 7960-7963     **Land/equipment rental:** Rental payment for use of equipment or land. Payments to outside vendors for rentals are reportable to the Internal Revenue Service as rental income.
- 7970-7973     **Materials:** Materials to be used in the process of producing or manufacturing a finished product; i.e., stockpiles of gravel, sand, aluminum and other similar items.
- 7980-7984     **Operating lease expense:** Payment for the use of property where the risks and benefits of ownership are not transferred to the State. There must be a signed lease agreement. All agreements for non-cancelable leases, including any renewal agreements, must be filed with the Controller's Office for financial reporting disclosure purposes. Payments to outside vendors for lease payments are reportable to the Internal Revenue Service as rental income.

### 8000 – CAPITAL OUTLAY SERIES

#### GL SERIES

#### TITLE AND DEFINITION

8100

**Land:** The original cost of purchasing land.

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- 8101            **Non-cash capital improvements:** value of capital improvements not paid for with cash.
- 8110            **Easements:** Costs associated with the right or privilege to use land that belongs to another entity; i.e., right of way, not land rental.
- 8120            **Land improvements:** Includes the cost of demolishing obsolete structures, cleaning up and other site preparation work.
- 8125            **Improvements other than buildings:** Permanent improvements that add value to land; i.e., fences, retaining walls, etc.
- 8130-814Z      **Highway construction:** Various costs associated with the acquisition of right-of-way and costs of constructing, improving and repairing roads and highways including paving of parking and similar areas. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
- 8150            **Buildings:** The cost of acquiring new buildings.
- 8151-8154      **Building improvements:** The cost of making structural changes to an existing building to make it more efficient or extend the useful life, and \$100,000 or more in cost. If less than \$100,000, the general ledger series 7230 should be used. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
- 8160-8199      **Capital improvement projects:** For use in accumulating the costs of capital improvement projects.

**8200 to 8419 – EQUIPMENT SERIES – Items with a unit cost of \$5,000 or more should be charged to GL numbers ending with 0. Items with a unit cost of less than \$5,000 should be charged to GL numbers ending in 1 through 9.**

<u>GL SERIES</u>	<u>TITLE AND DEFINITION</u>
8200	<b>Water system equipment:</b> Equipment purchase for State owned water systems.
8210	<b>Mobile homes/storage sheds:</b> Purchase of mobile homes and storage sheds.
8220	<b>Trailers:</b> Includes the cost of all auxiliary equipment necessary to make them functional.
8230	<b>Microwave stations and systems:</b> Purchase of microwave communications equipment.
8240-8242	<b>New furnishings:</b> Office, residential, shop furniture and major appliances purchased new.
8250-8252	<b>Major equipment new:</b> Large tools and equipment used in the mailroom, clinics, labs and shops including heavy construction equipment.
8260	<b>Boats:</b> Purchase of marine vessels.
8270-8277	<b>Special equipment new:</b> Audio-visual equipment, law enforcement equipment, teaching or training equipment, blind vendor equipment, or other equipment of a specialized nature.
8280	<b>Heavy duty trucks new:</b> Stake, dump and other large trucks with a minimum one-ton capacity purchased new.
8290-8293	<b>Telephone equipment:</b> All costs of purchasing a telephone system, including boards, wires, telephone sets, etc.
8300	<b>Aircraft:</b> Purchase of airplanes, helicopters, etc.
8310	<b>Pickups/vans new:</b> Includes mini-busses.
8320-8321	<b>Used major equipment:</b> Major equipment items purchased used.

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8330-8334	<b>Office and other equipment:</b> Equipment purchased for office and residential use, and other small equipment items not properly classified as major (GL series 8250-8259).
8340-8341	<b>Special purpose vehicles:</b> Utility vehicles and riding maintenance equipment.
8350-8351	<b>Used furnishings:</b> Items that would be classified under object 8240, if new.
8360	<b>Automobiles - new:</b> Purchase of new passenger cars.
8370-8374	<b>Computer hardware:</b> Cost of outright purchases of computer hardware; e.g., terminals, printers, modems, disk drives, etc.
8380-8381	<b>Used vehicles:</b> Includes pick-ups, vans, automobiles and special purpose vehicles purchased used.
8390-8394	<b>Miscellaneous equipment:</b> Firearms, hand tools and other small equipment items with a useful life of 3 years or more.
8401	<b>Major equipment repairs/improvements:</b> Repairs or improvements to major equipment items which are substantial and extend its useful life beyond what was originally expected or which increase the capacity or operating efficiency of the item. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.
8410-8412	<b>Principal installment/lease purchase:</b> Principal portion of installment purchases and lease payments on capital leases. Contact your Controller's Office liaison for guidance on determination of capital leases. A copy of all lease agreements must be forwarded to the Controller's Office and an amortization schedule breaking down the lease payments into principal and interest will be furnished to the agency. Interest portion of payment is to be coded to the interest expense series (See definition for GL's 7270-7279).

### **8430-8499 – BOND AND REMIT SERIES**

#### GL SERIES

#### TITLE AND DEFINITION

8430	<b>Arbitrage Payments:</b> Payments to the US Government for arbitrage costs associated with bond issues.
8470	<b>Refunding Payments:</b> Costs associated with the refunding of bond issues.
8499	<b>Remit to Federal Government:</b> For various payments to the federal government. <i>Do not use without contacting Controller's Office for approval.</i>

### **8500 – AID TO NEVADA GOVERNMENTAL UNITS SERIES**

#### GL SERIES

#### TITLE AND DEFINITION

8501-8549	Aid to Nevada counties and cities.
8550-8551	Aid to Nevada boards and commissions.
8560-8599	Aid to other Nevada governmental units.

### **8600 – AID FOR EDUCATION AND TRAINING SERIES**

#### GL SERIES

#### TITLE AND DEFINITION

8601-8619	Aid for school districts.
8620-8639	Aid for private schools, charter schools and training institutes.
8640-8649	Aid for institutions of higher education.
8651	Intergovernmental – Other – <i>for Controller's Office use only.</i>

## ACCOUNTING POLICIES AND PROCEDURES

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8660-8672 Aid for private schools, charter schools and training institutes (*continuation of 8620-8639*).

### 8700 – AID OR GRANT SERIES

#### GL SERIES

#### TITLE AND DEFINITION

8700-8740

**Aid to individuals:** Payments to clients for welfare and other public assistance benefits, including payments from the State fund for victims of crime.

- 8730 – **Work training program:** Payments by the Welfare Division to a client for taking part in a work-training program where the payments do not total more than the welfare benefits the client would have received otherwise. If it is not known if payments will exceed aid, use GL 8729.
- 8731 – **Work Training Program Stipends:** Payments by the Welfare Division to a client for taking part in a work-training program where the payments exceed the welfare benefits the client would have received otherwise. The entire amount is considered to be income to the client. Payments to clients under these conditions are reportable to the Internal Revenue Service as miscellaneous income.

8741

**Subsidy to individuals:** payments to individuals for subsidies. Reportable to the Internal Revenue Service as miscellaneous other income.

8750-8759

**Aid to private organizations:** Aid payments to service providers to benefit clients. These can include payments for professional services, transportation, training, rehabilitation or attendant care. Payments to outside vendors for services are reportable to the Internal Revenue Service as miscellaneous income.

8770-8779

**Respite Care, Foster Care and Client Rent:**

- 8770-8772 – Payments to individuals or entities who care for clients in place of the parents or foster parents (Respite Care). These payments are reportable to the Internal Revenue Service as miscellaneous income.
- 8773-8774 – Payments to individuals providing foster care in their homes to less than 5 qualified foster individuals 19 or older; or payments to individuals providing difficulty of care assistance to less than 5 qualified foster individuals 19 or older or less than 10 qualified foster individuals under 19. Not reportable to the Internal Revenue Service for 1099 purposes.
- 8775 – Reimbursements to foster care providers for medical expenses. Not reportable to the Internal Revenue Service for 1099 purposes.
- 8776-8777 – Payments to individuals providing foster care in their homes to more than 5 qualified foster individuals 19 or older; or payments to individuals providing difficulty of care assistance to more than 5 qualified foster individuals 19 or older or more than 10 qualified foster individuals under 19. These payments are reportable to the Internal Revenue Service as miscellaneous income.
- 8778 – Payments for living quarters or non-state owned equipment on behalf of clients. These payments are reportable to the Internal Revenue Service as rental income.
- 8779 – Payments to real estate agents for living quarters on behalf of clients. If you do not know if the payee is a real estate agent, use GL 8778.

## ACCOUNTING POLICIES AND PROCEDURES

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- 8780-8789      **Aid to non-profit organizations:** Aid payments to non-profit service providers to benefit clients. These can include payments for professional services, transportation, training, rehabilitation or attendant care.
- 8795-8797      **Grants:** Grant payments to individuals or organizations, including certain federal or state energy grants and other grants financed by the federal or state government such as grants to promote the arts. Federal grants are ordinarily taxable unless stated otherwise in the enabling legislation. Grants are reportable to the Internal Revenue Service as grant income.
- 8798-8799      **Non-taxable grants:** Grant payments to individuals or organizations where the enabling legislation states the grant is not taxable. Proof of the tax-exempt status must be on file with the Controller's Office.
- 8801-8999      **Various expenses/expenditures:** *These general ledger numbers should not be used without contacting the Controller's Office for approval.*

### **9000 – TRANSFER/DISBURSEMENT SERIES**

#### GL SERIES

#### TITLE AND DEFINITION

- 9001-9169      **Operating transfers to State agencies:** All inter/intra-fund transfers, e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. Must be offset by a transfer-in GL in the series 4600-4781.
- 9170-9699      **Translating/Pass-through disbursements:** *Do not use without contacting Controller's Office for approval.* Not an expenditure, but represents reduction to a liability or increase to an asset. These GL's translate to an asset or liability balance sheet account and generally represent the disbursement of cash received by the State in a pass-through capacity. For more information, see guidance in section on Accounting for Pass-Through Resources.
- 9700-9709      **Translating/Inventory:** Inventoried items purchased for resale to the public.
- 9710-9744      **Translating disbursements:** *Do not use without contacting Controller's Office for approval.* Not an expenditure, but represents reduction to a liability or increase to an asset. These GL's translate to an asset or liability balance sheet account.
- 9760-9767      **Fund level transfers:** *reserved for Controller's Office use only.*
- 9770-9827      **Other disbursements:** *These general ledger numbers should not be used without contacting the Controller's Office for approval.*