Arizona Department of Administration ▪ General Accounting Office

State of Arizona Accounting Manual

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INTRODUCTION

AFIS, the State's principal automated accounting system, features a number of structural components that support a variety of accounting and reporting needs including: financial reporting; transactional accounting, fund accounting, organizational accounting, cost accounting (which includes grants, projects and cost allocation), budgetary accounting, etc. Some of these structures have been designated for statewide purposes, while others are available to agencies to use as they decide. The purpose of this document is to describe the various accounting structures and how they are to be used. This, however, is not—and is not intended to be—an instruction manual on how to use AFIS.

POLICY & PROCEDURES

1. *Fund elements.*

1.1. Two levels and one sub-level of funds may be used to track transactions.

1.1.1. The "fund group" elements are used on a statewide basis and are established exclusively through the GAO.

1.1.2. To establish a fund group, an agency completes a Form GAO-FGRP, which is transmitted to the AFR Group.

1.2. "Fund" elements are used by agencies to keep track of their revenues, expenditures and other accounting activities—they are not statewide and may be established exclusively by an agency.

1.2.1. Fund elements, however, must be established in such a way that they roll up to the appropriate fund group for statewide reporting.

1.2.2. To establish a fund, an agency completes a Form GAO-FGRP, which is transmitted to the AFR Group.

1.3. "Sub-fund" elements are used by agencies to segregate transactions at a more detailed level. For example, an agency may wish to track and control the cash balance for a particular interagency service agreement (ISA). Sub-fund elements can be rolled up to their appropriate fund for agency reporting.

1.4. A list of statewide fund groups and funds may be found in the Lists section of SAAM.

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2. _Accounting elements._

2.1.   An "object" is used to track expenses and expenditures.

2.1.1.   An object is established on a statewide basis. An agency may request an addition or change to an object by contacting its GAO liaison.

2.1.2.   A list of objects may be found in SAAM 9514.

2.1.3.   Objects accumulate transactions throughout the fiscal year; at the end of the fiscal year, they are closed out through a series of entries affecting balance sheet accounts.

2.2.   A "department object" may be used by an agency to provide an additional level of detail with respect to an agency's expenses and expenditures.

2.2.1.   Approval of the GAO is not required for an agency to establish and use departmental objects.

2.2.1.1.   Agencies may produce agency specific reports at the object or department object levels.

2.2.1.2.   If an agency creates an inference model, a department object can infer a statewide object for a financial transaction.

2.2.1.3.   An agency, for its internal accounting, can require the use department objects for certain funds but not for others. An agency may, at its own discretion, require, prohibit or allow the use of department objects.

2.3.   A "revenue source" as its name implies, used to track revenue transactions.

2.3.1.   A revenue source is established on a statewide basis.

2.3.2.   A list of revenue sources may be found in SAAM 9513.

2.3.3.   An agency may request an addition or change to a revenue source by contacting its GAO liaison.

2.3.4.   Revenue sources accumulate transactions throughout the fiscal year; at the end of the fiscal year, they are closed out through a series of entries affecting balance sheet accounts.

2.4.   A "department revenue source" may be used by an agency to provide an additional level of detail with respect to an agency's revenues.

2.4.1.   Approval of the GAO is not required for an agency to establish and use departmental revenue sources.

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2.4.1.1. Agencies may produce agency specific reports at the revenue source or department revenue source levels.

2.4.1.2. If an agency creates an inference model, a department revenue source can infer a statewide revenue source for a financial transaction.

2.4.1.3. An agency, for its internal accounting, can require the use of department revenue sources for certain funds but not for others. An agency may, at its own discretion, require, prohibit or allow the use of department revenue sources.

2.5. A "balance sheet account" is used to accumulate balances of assets, liabilities, and, as appropriate, fund balances or equity accounts.

2.5.1. A balance sheet account is established on a statewide basis.

2.5.2. A list of balance sheet accounts may be found in SAAM 9511.

3. *Organizational elements.*

3.1. In general, transactions may be accounted for at the levels of "department," "unit," and "sub-unit."

3.2. Departmental activities can further be broken down along a centrally defined hierarchy of "Division," "District," "Bureau," "Section," and "Group."

3.3. All entries containing these additional organizational levels can be used for detailed management reporting and will be rolled up to agency-level accounting elements for statewide reporting.

4. *Appropriation indicators.*

4.1. "Appropriation Category" is used for recording the annual statewide appropriations as passed by the Legislature and the Governor. This element is also used for tracking and controlling cash for non-appropriated funds.

4.2. "Appropriation Unit" is used for recording appropriations and budgeting needs as defined by the agency. This element is rolled up to an Appropriation Category.

4.3. To establish an appropriation category or unit, an agency completes a GAO Form GAO-APPR, which is transmitted to the AFR Group.

5. *Task/sub-task elements.*

5.1. The "task" and "sub-task" elements are used to represent the OSPB Statewide Master List of Government Programs and Sub-Programs.

5.2. Agencies may define and establish these elements, but they are required for all expenditure transactions.

6.   *Grant/project elements.*

6.1.   Grant and project accounting is supported by the use of "major program" and "program" elements assigned by the GFR and/or GAO.

6.2.   Programs roll up into major programs. Each major program has one "period" or more; each program may also have one "phase" or more.

6.3.   Each of the preceding grant or project elements can reflect additional detail by the use of a "task order."