

#### **45.305 Accounting system -- Fund structure.**

- (1) The Finance and Administration Cabinet shall install a unified and integrated system of accounts for the state which shall comply with generally accepted accounting principles, and which shall be in addition to other accounts required by this chapter, and which shall include:
  - (a) A set of budgetary control accounts for each fund, comprising an account with the available cash of the fund, an account with the budget estimate of the amount of money to be derived from each source of revenue and nonrevenue receipts, an account with the total of the unallotted balances of appropriations, an account with the total of the free balances of allotments, an account with the total commitments under allotments, and an account with the estimated cash surplus or deficit, so as to show at all times the status of the budget fund.
  - (b) A subsidiary appropriation ledger for each fund from which appropriations are made, embracing an account with each appropriation, and designed to show the budget unit to which the appropriation was made, the purpose of the appropriation, the amount appropriated, the additions to the appropriation, the allotments from the appropriation, the unallotted balance of the appropriation, the commitments charged to allotments, and the free balances of the total amount allotted.
  - (c) A set of general controlling proprietary and operating accounts for each fund, so as to record the transactions to the fund in summary form and to show the actual current assets, prepaid expenses, current liabilities, deferred credits to income, reserves, actual income, actual expenditures, and the current surplus or deficit.
  - (d) A uniform classification of the sources of revenue and nonrevenue receipts.
  - (e) Standard classifications of the expenditures of the budget units.
  - (f) A standard classification of the budget units.
  - (g) Such other accounts, records, and devices as the Finance and Administration Cabinet deems necessary for the production of needed information respecting financial condition, financial operations and costs.
- (2) The accounts provided for in paragraphs (a), (b) and (c) of subsection (1) of this section or summary records shall be maintained by the Finance and Administration Cabinet.
- (3) The Finance and Administration Cabinet shall keep controlling accounts with receipts, payments, and state depositories. The cabinet shall obtain from the State Treasurer the figures for the entries required to open the accounts, and thereafter it shall obtain the information required for the keeping of the accounts from deposits, lists of warrants drawn under appropriations, and vouchers requesting transfers of deposits among state depositories.
- (4) The accounting system prescribed and installed by the Finance and Administration Cabinet shall provide for the settlement of transactions between budget units by making debit and credit entries on the books of the cabinet on the basis of adequate expenditure vouchers, without the issuance of warrants.

- (5) The accounting system prescribed and installed by the Finance and Administration Cabinet shall include the following fund classifications:
- (a) Governmental fund: This classification shall include those funds through which most governmental functions typically are financed including, but not limited to, the general fund, the road fund, bond debt related fund, federal fund, agency receipts funds, and the capital construction fund.
  - (b) Proprietary fund: This classification shall account for governmental activities which are similar to those activities found in the private sector. Activities which provide services to other governmental units and activities which provide services principally to the private sector are included.
  - (c) Fiduciary fund: This classification shall account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include expendable trust funds, nonexpendable trust funds, pension trust funds and agency funds.
  - (d) Loan fund: This classification shall account for funds advanced or to be advanced to other governments, other governmental agencies, or private organizations or individuals.
- (6) Account groups. In order to establish accounting control and accountability for general fixed assets and the unmatured principal of general long-term debt, a general fixed assets account group and a general long-term debt account group may be established.

**Effective:** July 15, 1998

**History:** Amended 1998 Ky. Acts ch. 118, sec. 16, effective July 15, 1998. -- Created 1982 Ky. Acts ch. 450, sec. 32, effective July 1, 1983.