



STATE OF NEW YORK  
DEPARTMENT OF AUDIT AND CONTROL  
ALBANY  
1224

EDWARD V. REGAN  
State Comptroller

In Reply, Refer To

August 1979

TO: County Fiscal Officers and County Budget Officers  
FROM: Agnes E. Nash, Director, Municipal Accounting Systems  
SUBJECT: Accounting for Health Care Facilities

The purpose of this memorandum is to clarify the Department of Audit and Control's position on budgeting, accounting and financial reporting for Health Care Facilities.

Generally Accepted Accounting Principles require that Health Care Facilities be accounted for in a separate fund on an enterprise basis.

The New York State Department of Health (DOH) has developed a system of accounting and financial reporting on this basis.

To avoid duplication of effort at the local level, the State Comptroller prescribes the system formulated by DOH. Therefore, the records and reports prepared in accordance with the DOH system are acceptable for meeting the budgeting, accounting and reporting requirements under Article 3 of the General Municipal Law.

# ENTERPRISE FUND

## BASIS OF ACCOUNTING

APR 16 1979

An Enterprise Fund will be established to account for operations that are financed and operated in a manner similar to private business enterprise if one or both of the following criteria is met:

1. The governing board intends that the expenses of providing goods or services to the general public shall be financed or recovered primarily through user charges.
2. The governing board determines that an Enterprise Fund is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Thus, either an Enterprise Fund or a Special Revenue Fund will be used at the discretion of the governing board to account for any one of a number of activities. However, the State Comptroller, pursuant to Section 30 of the General Municipal Law has prescribed Enterprise Fund Accounting for the following proprietary activities:

- a. Airports
- b. Electric Utilities
- c. Hospital, Infirmaries, Nursing Homes and Health Related Facilities

An Enterprise Fund uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred if objectively measurable. Expenses include depreciation but exclude capital outlay, principal on debt and pre-paid expenses.

In most instances the law requires that a formal budget be adopted for an enterprise. Regardless of legal requirements, an annual budget should be adopted for each enterprise activity to insure that expenses will be controlled and that resources are available to meet expenses, capital outlay and debt service. Even though a budget is adopted no formal system of budgetary accounting and control is necessary; the budgetary estimates should be maintained in memorandum form.

Fixed assets of an Enterprise Activity will be accounted for in the Enterprise Fund rather than in the General Fixed Asset group of accounts. Purchases of Fixed Assets will be debited to the appropriate asset accounts and not charged to Expenses.

Long-term debt of an enterprise shall be accounted for in the Enterprise Fund rather than the General Long-Term Debt Group of Accounts. Payment of principal will be debited to the liability account and not charged to expenses.

ENTERPRISE FUND  
BASIS OF ACCOUNTING

The prefix to be used with the accounts of an Enterprise will be determined by the activity. The following are the prefixes used:

Prefix

EA  
EE  
EH

ER  
ES  
ET  
EW  
EM

Enterprise

Airport  
Electric Utility  
Hospital or other Health  
related facility  
Recreational  
Sewer  
Transportation  
Water  
Other Activity

# ENTERPRISE FUND

## CHART OF GENERAL LEDGER ACCOUNTS

### ASSETS

No.	Account Title
	FIXED ASSETS
E101	Land
E102	Building
E103	Improvements Other Than Buildings
E104	Machinery and Equipment
E105	Construction Work in Progress
	ALLOWANCE FOR DEPRECIATION (CREDIT ACCOUNTS)
E112	Buildings
E113	Improvements Other Than Buildings
E114	Machinery and Equipment
	CASH ACCOUNTS
E200	Cash - Checking Accounts
E201	Certificates of Deposits
E210	Petty Cash
E220	Cash from Obligations
E222	Cash from Revenue Anticipation Notes
E223	Cash with Fiscal Agent
E230	Cash Special Reserves
E235	Cash - Customer Deposits
	RECEIVABLES
E380	Accounts Receivable
E383	Unbilled Receivables
E389	Allowance for Receivables (Credit Account)
E391	Due from Other Funds
E410	Due from State and Federal Governments
	INVENTORY
E445	Inventory of materials and supplies
	INVESTMENT
E450	Temporary Investments
E452	Investments Special Reserves
E454	Investments - Customers Deposits
	OTHER
E480	Prepaid Expenses

### EXPENSES

E522 Expenses

NOTE - Other accounts of Other Funds may be used as needed.

# ENTERPRISE FUND

## CHART OF GENERAL LEDGER ACCOUNTS

### LIABILITIES

No.	Account Title
E600	Accounts Payable
E601	Accrued Liabilities
E605	Retained Percentage - Contracts Payable
E615	Customers Deposits
E621	Revenue Anticipation Notes Payable
E622	Budget Notes Payable
E626	Bond Anticipation Notes Payable
E627	Capital Notes Payable
E628	Bonds Payable
E630	Due to Other Funds
E690	Overpayments

### DEFERRED INCOME

E691	Deferred Income
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### EQUITY

E800	Contribution from Other Funds
E878	Capital Reserve
E882	Repair Reserve
E909	Retained Earnings

### REVENUES

E980	Revenues
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NOTE = Other accounts of Other Funds may be used as needed.

# ENTERPRISE FUND

## EXPLANATION OF GENERAL LEDGER ACCOUNTS

Explanation of General Ledger Accounts in other funds apply to this fund except that the basis of recording transactions is the accrual basis. Explanation of other accounts follow:

### E220 CASH FROM OBLIGATIONS

Record here proceeds from the sale of bonds, capital notes and other obligations required to be accounted for separately.

### E235 CASH - CUSTOMERS DEPOSITS

Record here restricted cash deposits received from customers. Include cash in checking accounts, time deposits and certificates of deposit.

### E383 UNBILLED RECEIVABLES

This account will be used at the end of the year to record revenue earned but not billed customers. When billed the account will be closed to Accounts Receivables (or similar account).

### E454 INVESTMENTS - CUSTOMERS DEPOSIT

This account will be used to record the investment of customers deposits.

### E480 PREPAID EXPENSE

This account is used at the end of the fiscal year to record disbursements which will benefit a future fiscal year. Examples are prepaid insurance premium and prepaid rent.

### E909 RETAINED EARNINGS

This account is used to record the accumulated earnings which have been retained in the fund and which are not reserved for any specific purpose.

# ENTERPRISE FUND

## SUBSIDIARY REVENUE AND EXPENSE ACCOUNTS

The codes for subsidiary revenue and expense accounts are the same as those used in other funds. The basis of accounting for revenues and expenses will be the accrual basis.

Additional account used:

E1994.4 Depreciation Expense

The contra entry to the above will be a credit to the allowance for depreciation (accounts E112 to E114).

The municipality may use a system of accounts generally recognized as a standard. The following codes will be used in our reports for input to our computers.

EH4510.0	Hospital
EH4530.0	Nursing Home
EA5610.0	Airport
EH6020.0	Infirmary
EE8410.0	Electric Utility

ENTERPRISE FUND  
SAMPLE JOURNAL ENTRIES

Accounts Receivable and Revenue

1

To record accounts receivable and estimated uncollectible accounts:

E380 Accounts Receivable  
E980 Revenues  
E389 Allowance for Receivables

2

To record accounts receivable billings which were unbilled at the end of the preceding year: (See next entry for accruing unbilled receivables)

E380 Accounts Receivable  
E383 Unbilled Receivables

3

To record revenues earned but not billed to customers at the end of the fiscal year:

E383 Unbilled Receivables  
E980 Revenues

4

To record collection of accounts receivables:

E200 Cash  
E380 Accounts Receivable

5

To record writing-off of uncollectible accounts:

E389 Allowance for Uncollectible Accounts  
E380 Accounts Receivable

6

To record services to other funds and the collateral entry in the other funds:

E391 Due from Other Funds  
E980 Revenues  
2801 Interfund Revenues  
522 Expenditures  
Various Appropriations  
630 Due to Other Funds



ENTERPRISE FUND - SAMPLE JOURNAL ENTRIES

7

To record collections from other funds:

E200 Cash  
E391 Due from Other Funds

8

To record non-operating Revenues

E200 Cash  
E980 Revenues  
2410 Rental of Real Property

Expenses and Accrued Liabilities

9

To record operating expenses:

E522 Expenses  
E600 Accounts Payable

10

To record annual depreciation charges:

E522 Expenses  
1994.4 Depreciation Expense  
E112 Allowance for Depreciation - Buildings  
E113 " " " - Improvements Other than  
Buildings  
E114 " " " - Machinery and Equipment

11

To transfer prepaid expenses of the preceding year to expenses of the current year: (See next journal entry for establishing prepaid expenses)

E522 Expenses  
E480 Prepaid Expenses

12

To record prepaid expenses of the current year:

E480 Prepaid Expense  
E200 Cash

If originally charged to expenses the journal entry would be:

E480 Prepaid Expenses  
E522 Expenses

## ENTERPRISE FUND - SAMPLE JOURNAL ENTRIES

13

To record payment of serial bonds and interest:

E522 Expenses  
9710.7 Interest on Serial Bonds  
E628 Serial Bonds  
E200 Cash

14

To record transfers of above when there is a fiscal agent:

E223 Cash with Fiscal Agent  
E629 Bond Interest and Matured Bonds Payable

15

To record amounts paid by fiscal agent as evidence by cancelled interest coupons and bonds:

E629 Bond Interest and Matured Bonds Payable  
E223 Cash with Fiscal Agent

16

To record purchase of materials and supplies for inventory:

E445 Inventory of Materials and Supplies  
E600 Accounts Payable

17

To record costs of Materials and Supplies used:

E522 Expenses  
E445 Inventory of Materials and Supplies

18

To accrue fringe benefits, payroll, interest expense and other items at end of fiscal year:

E522 Expenses  
E601 Accrued Liabilities

### Construction and Other Capital Outlay

19

To record issuance of Bonds:

E220 Cash from Obligations  
E628 Serial Bonds Payable

# ENTERPRISE FUND - SAMPLE JOURNAL ENTRIES

20

To record payment to contractor and retained percentage:

E105 Construction Work in Progress  
E220 Cash from Obligations  
E605 Retained Percentage - Contracts Payable

NOTE - Memorandum records must be maintained for the total authorized for the project and the amount of each contract awarded.

21

To record completion of projects and transfer to asset accounts:

E102 Buildings  
E103 Improvement Other than Buildings  
E104 Machinery and Equipment  
E105 Construction Work in Progress

22

To record purchase of equipment from current funds:

E104 Machinery and Equipment  
E200 Cash

## Customers Deposits

23

To record receipt of customers deposits:

E235 Cash - Customers Deposits  
E615 Customers Deposits

24

To record refund of customers deposits:

E615 Customers Deposits  
E235 Cash - Customers Deposits

25

To record investment of Customers Deposits:

E454 Investments - Customers Deposits  
E235 Cash - Customers Deposits

26

To record interest earned on customers deposits:

E235 Cash - Customers Deposits  
E615 Customers Deposits

## ENTERPRISE FUND - SAMPLE JOURNAL ENTRIES

### Reserves

27

To establish a Capital Reserve or Repair Reserve from retained earnings:

E909 Retained Earnings  
E878 Capital Reserve  
E882 Repair Reserve

28

To restrict the Special Reserve Cash:

E230 Cash, Special Reserves  
E200 Cash

29

To record investment of Special Reserve Cash:

E452 Investment, Special Reserves  
E230 Cash, Special Reserves

30

To record Earnings on Special Reserve Investments:

E230 Cash Special Reserves  
E878 Capital Reserves  
E882 Repair Reserves

31

To record disbursement of Capital Reserve money (the reserve fund will be reduced when the books are closed at the end of the year - see Journal Entry #35):

E105 Construction Work in Progress  
E230 Cash, Special Reserves

### Interfund Transfers

32

To record contributions from other funds:

E200 Cash  
E800 Contributions from Other Funds

# ENTERPRISE FUND - SAMPLE JOURNAL ENTRIES

33

To record operating subsidies by other funds:

E200 Cash  
E980 Revenues  
5031 Interfund Transfers

34

To record net income for the year:

E980 Revenues  
E522 Expenses  
E909 Retained Earnings (Debit if net loss)

35

To transfer to Retained Earnings the amounts expended from the Reserve Fund:

E878 Capital Reserve  
E909 Retained Earnings

## FINANCIAL STATEMENTS AND SCHEDULES

Statement E	Balance Sheet
Statement E-1	Combined Statement of Revenues, Expenses and Changes in Retained Earnings
Statement E-2	Statement of Changes in Financial Position
Schedule E-3	Detail of Revenues
Schedule E-4	Detail of Expenses, Principal on Debt and Capital Outlay

### Budgetary Estimates

Summary Schedule of Estimated Operations and Revenue Requirements
Detail Estimate of Revenues
Detail Estimate of Expenses, Principal on Debt and Capital Outlay

# ENTERPRISE FUND

## BALANCE SHEET

### ASSETS

Land	E101	\$	Accounts Payable	E600	\$
Buildings	E102	(	Accrued Liabilities	E601	
Allow. Depreciation on Bldgs.	E112	(	Retained Percentage -		
Improvement other Than Bldgs.	E103		Contracts Payable	E605	
Machinery and Equipment	E104		Customers Deposits	E615	
Allowance Depreciation on			Revenue Anticipation		
Machinery and Equipment	E114	(	Notes Payable	E621	
Construction Work in Progress	E105		Budget Notes Payable	E622	
			Bond Anticipation Notes		
Total Fixed Assets		\$	Payable	E626	
Cash - Checking Account	E200	\$	Capital Notes Payable	E627	
Certificate of Deposits	E201		Bonds Payable	E628	
Petty Cash	E210		Due to Other Funds	E630	
Cash from Obligations	E220		Overpayments	E690	
Cash from Revenue Anticipa-					
tion Notes	E222		Total Liabilities		\$
Cash with Fiscal Agent	E223		Deferred Revenues	E691	\$
Cash Special Reserves	E230		Contribution from Other		
Cash - Customers Deposits	E235		Funds	E800	
Total Cash		\$	Capital Reserve	E878	
Accounts Receivable	E380	\$	Repair Reserve	E882	
Unbilled Receivables	E303		Retained Earnings	E909	
			Total Equity		\$
Allowance for Receivables	E389	(			
Due from Other Funds	E391		TOTAL LIABILITIES AND		
Due from State and Federal			EQUITY		
Governments	E410				
Total Receivables		\$			
Inventory of Materials					
and Supplies	E445	\$			
Temporary Investments	E450	\$			
Investments Special Reserves	E452				
Investments - Customers					
Deposits	E454				
Total Investments		\$			
Prepaid Expenses	E480	\$			
TOTAL ASSETS		\$			

COMBINED STATEMENTS OF REVENUES, EXPENSES  
AND  
CHANGES IN RETAINED EARNINGS

## Revenues

Real Property Taxes  
Departmental Income  
(Charges for Services)  
Services to Other Governments  
Use of Money and Property  
Miscellaneous

\$ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Total Revenues

\$ \_\_\_\_\_

## Expenses

Operations  
Interest Expense  
Transfer to Other Funds  
Depreciation

\$ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Total Expenses

\_\_\_\_\_

Excess (Deficit) of Revenues over Expenses

\$ \_\_\_\_\_

Other Charges in Retained Earnings

Add: Transfer from Other Funds  
(Operating Subsidiary)

\_\_\_\_\_

Less: Transfer to Reserves

\_\_\_\_\_

Specify:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Net Increase (Decrease) in Retained Earnings  
(To Statement E-2)

\$ \_\_\_\_\_

Retained Earnings Beginning of Fiscal Year

\_\_\_\_\_

Retained Earnings at End of Fiscal Year

\$ \_\_\_\_\_



## Operations

\$ \_\_\_\_\_

\_\_\_\_\_

**A**

\$ \_\_\_\_\_

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\_\_\_\_\_

**\$**

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**\$**

\_\_\_\_\_

\$

**\$**

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\_\_\_\_\_

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\$

\*\*(Decrease) - is the amount an asset decreased or a liability decreased during the year.

## DETAIL OF REVENUES

Real Property Taxes	E1001	\$	_____
Departmental Income (Charges for Service)	E	\$	_____
_____	E		_____
_____	E		_____
_____	E		_____
_____	E		_____
Total			_____
Services to Other Governments	E	\$	_____
_____	E		_____
_____			
Total			_____
Uses of Money and Property			
Interest and Earnings	E	\$	_____
Rental of Property	E2410		_____
Rental of Equipment	E2414		_____
_____	E		_____
_____	E		_____
Total			_____
Miscellaneous		\$	_____
_____	E		_____
_____	E		_____
_____	E		_____
_____	E		_____
Total			_____
Total Revenues		\$	_____
Transfer from Other Funds			_____
(Operating Subsidy)	E5031		_____
Total Revenues and Transfers		\$	_____

DETAIL OF EXPEN' 3, PRINCIPAL ON DEBT  
AND  
CAPITAL OUTLAY

[illegible]

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY ACCOUNTING AND REPORTING MANUAL

Checklist for transmittals of revisions to the

RESIDENTIAL HEALTH CARE FACILITY ACCOUNTING AND REPORTING MANUAL

This checklist should be placed at the front of the Manual immediately before the Preface to provide a record of Manual revisions received. Manual revisions will be issued under cover of consecutively numbered "Revision Summaries".

<u>Trans.</u> <u>No.</u>	<u>Date</u>	<u>Trans.</u> <u>No.</u>	<u>Date</u>	<u>Trans.</u> <u>No.</u>	<u>Date</u>	<u>Trans.</u> <u>No.</u>	<u>Date</u>
1.	_____	26.	_____	51.	_____	76.	_____
2.	_____	27.	_____	52.	_____	77.	_____
3.	_____	28.	_____	53.	_____	78.	_____
4.	_____	29.	_____	54.	_____	79.	_____
5.	_____	30.	_____	55.	_____	80.	_____
6.	_____	31.	_____	56.	_____	81.	_____
7.	_____	32.	_____	57.	_____	82.	_____
8.	_____	33.	_____	58.	_____	83.	_____
9.	_____	34.	_____	59.	_____	84.	_____
10.	_____	35.	_____	60.	_____	85.	_____
11.	_____	36.	_____	61.	_____	86.	_____
12.	_____	37.	_____	62.	_____	87.	_____
13.	_____	38.	_____	63.	_____	88.	_____
14.	_____	39.	_____	64.	_____	89.	_____
15.	_____	40.	_____	65.	_____	90.	_____
16.	_____	41.	_____	66.	_____	91.	_____
17.	_____	42.	_____	67.	_____	92.	_____
18.	_____	43.	_____	68.	_____	93.	_____
19.	_____	44.	_____	69.	_____	94.	_____
20.	_____	45.	_____	70.	_____	95.	_____
21.	_____	46.	_____	71.	_____	96.	_____
22.	_____	47.	_____	72.	_____	97.	_____
23.	_____	48.	_____	73.	_____	98.	_____
24.	_____	49.	_____	74.	_____	99.	_____
25.	_____	50.	_____	75.	_____	100.	_____