

CHAPTER 7 – General Journal Entries

Table of Contents

	Section – Page
INTRODUCTION	1 – 1
<hr/>	
GENERAL FUND JOURNAL ENTRIES	2 – 1
<hr/>	
Opening Entry	1
Budget Entries.....	2
Budget Entries—Modifications	2
Revenues—Property Tax.....	3
Revenues	4
Revenues—Other Financing Sources	4
Expenditures	6
Encumbrances	8
Cash—Imprest.....	9
Interfund Receivables/Payables and Transfers.....	9
Prepaid Items.....	11
Investments	12
Contracts Payable—Long-Term.....	13
Inventory—Supplies and Materials—Perpetual Method	14
Inventory—Supplies and Materials—Periodic Method	15
Inventory—School Food Services—Perpetual Method.....	16
Inventory—School Food Services—Periodic Method.....	17
Accounts Payable	18
Capital Assets—Trade-In.....	19
Deferred Compensation.....	19
Self-Insured Industrial Insurance.....	20
Unemployment Compensation Benefits Reimbursement—District Not In Pool....	21
Adjustments—Prior Period or Year—Immaterial Errors	21
Adjustments—Prior Period or Year—Material Errors	21
Adjustments—Prior Period or Year—Fund Entity Changes	23
Accrual for Payroll	23
Closing Entries	23
<hr/>	
ASSOCIATED STUDENT BODY FUND JOURNAL ENTRIES	3 – 1
<hr/>	
Opening Entry	1
Budget Entry.....	1
Cash—Imprest.....	1

Inventory—Supplies and Materials—Periodic Method 2

Investments 2

Expenditures 3

Accounts Payable 3

Contracts Payable 4

Encumbrances 4

Revenues 5

Interfund Receivables/Payables and Transfers 6

Capital Assets—Purchase 6

Closing Entries 7

DEBT SERVICE FUND JOURNAL ENTRIES 4 – 1

Opening Entry 1

Budget Entry 1

Revenues—Property Tax 2

Revenues—Other Financing Sources 3

Expenditures 4

Expenditures—Bond Redemption 4

Interfund Receivables/Payables and Transfers 5

Investments 6

Accrued Interest 6

Journal Entries for the Regular Method of Advance Bond Debt Refunding 7

Journal Entries for the Crossover Method of Advance Bond Debt Refunding 8

Closing Entries 9

CAPITAL PROJECTS FUND JOURNAL ENTRIES 5 – 1

Opening Entry 1

Budget Entry 1

Revenues—Property Tax 2

Investments 3

Revenues 3

Revenues—Other Financing Sources 4

Interfund Receivables/Payables and Transfers 4

Expenditures 6

Contracts Payable—Long-Term 7

Revenues—State Matching 8

Closing Entries 8

TRANSPORTATION VEHICLE FUND JOURNAL ENTRIES 6 – 1

Opening Entry	1
Budget Entry.....	1
Revenues—Property Tax.....	1
Investments	2
Revenues	3
Revenues—Other Financing Sources	3
Interfund Receivables/Payables and Transfers.....	4
Expenditures	4
Contracts Payable—Long-Term.....	6
Capital Assets—Purchase.....	7
Closing Entries.....	7
LONG-TERM DEBT “HOLDING ACCOUNT” JOURNAL ENTRIES	7 – 1
Opening Entry	1
Collateral Entries—Debt Service Fund.....	1
Collateral Entries—Capital Projects Fund	3
Collateral Entries—Transportation Vehicle Fund.....	4
Collateral Entries—General Fund	4
Journal Entries for the Regular Method of Advance Bond Debt Refunding	5
Journal Entries for the Crossover Method of Advance Bond Debt Refunding.....	6
Entries—Zero-Coupon Bonds	7
CAPITAL ASSET “HOLDING ACCOUNT” JOURNAL ENTRIES	8 – 1
Opening Entry	1
Collateral Entries—Construction in Progress	1
Collateral Entries—General Fund	2
Collateral Entries—Transportation Vehicle Fund.....	2
Collateral Entries—ASB Fund.....	3
Capital Assets—Sale.....	3
Capital Assets—Trade-In.....	3
Inventory—Capital Assets.....	4
Closing Entry	4
I-728 JOURNAL ENTRIES	9 – 1
SHARED SERVICE ARRANGEMENTS JOURNAL ENTRIES	10 – 1
Background for All Scenarios	1
Scenario 1 – Fiscal Agent as a Participating District.....	1
Scenario 2 – Fiscal Agent as a Non-Participating District with Administrative Responsibilities.....	3

Scenario 3 – Fiscal Agent as a Non-Participating District with No Administrative Responsibilities (Cash Conduit Only) 5

Scenario 4 – Fiscal Agent as a Participating District with Administrative Responsibilities and On Behalf Payments..... 6

CAPITAL LEASE JOURNAL ENTRIES 11 – 1

Present Value Method..... 1

Amortization Method..... 1

SHORT-TERM OBLIGATION JOURNAL ENTRIES 12 – 1

BOND ISSUE AND BOND REFUNDING JOURNAL ENTRIES 13 – 1

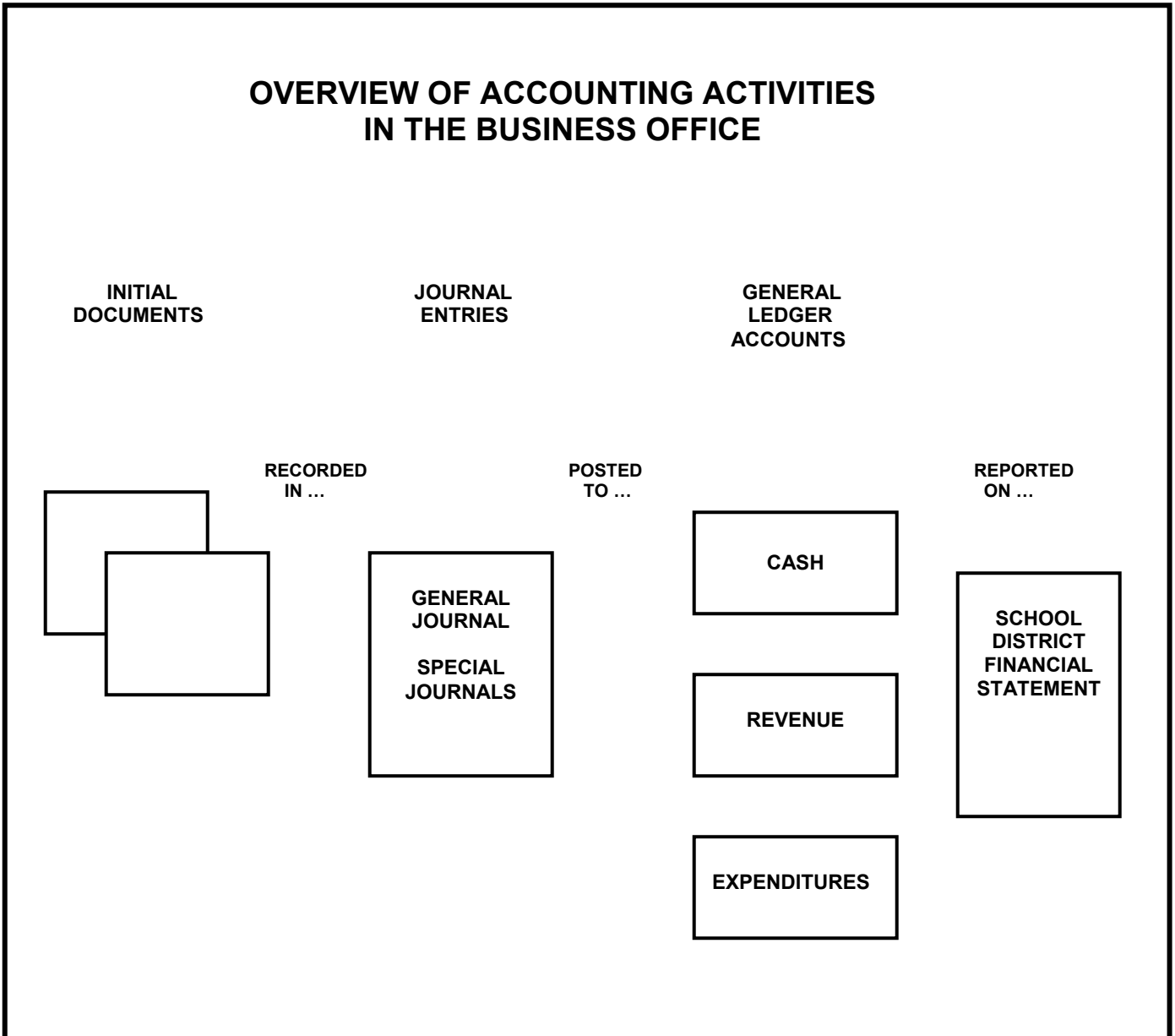
Bond Issues..... 1

Bond Refundings 6

INTRODUCTION

The following pages have examples of the types of General Journal entries common to school districts. They are presented in a standard accounting format so that the full entry can be visualized. Districts that are members of the Washington School Information Processing Cooperative (WSIPC) will understand that many of these entries are generated as part of the overall system approach and should refer to the manuals they provide for guidance.

For debit and credit transfer objects of expenditure journal entries, see Chapter 6 Expenditure Accounts.



This page left blank intentionally.

GENERAL FUND JOURNAL ENTRIES

Opening Entry

#1

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
200	Imprest Cash	10	
230	Cash on Hand	53	
240	Cash on Deposit with County Treasurer	1,873	
310	Taxes Receivable	10,792	
330	Due From Other Governmental Units	340	
340	Accounts Receivable	80	
410	Inventory—Supplies and Materials	250	
420	Inventory—Lunchroom	40	
430	Prepaid Items	40	
450	Investments	500	
455	Investment—Deferred Compensation	100	
241	Warrants Outstanding		367
601	Accounts Payable		900
602	Contracts Payable—Current		150
605	Accrued Salaries		60
610	Payroll Deductions and Taxes Payable		8
635	Deferred Compensation Payable		100
637	Estimated Unemployment Benefits Payable		150
750	Deferred Revenue		420
760	Deferred Revenue—Taxes Receivable		10,792
840	Reserved for Inventory		290
890	Unreserved, Undesignated Fund Balance		841

To record the General Fund opening entry as of September 1, 20XX. This represents the beginning trial balance.

Budget Entries

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
510	Estimated Revenues	47,550	
515	Estimated Other Financing Sources	200	
540	Appropriated Fund Balance	250	
900	Appropriations		47,750
905	Other Financing Uses (Budget)		250

To record the annual budget of the General Fund as adopted by the board of directors for the fiscal year 20XX.

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
890	Unreserved, Undesignated Fund Balance	600	
830	Reserved for Debt Service		100
840	Reserved for Inventory		500

To record the establishment of restrictions on fund balance adopted in the budget for the replenishment of inventory and for the future payment of debt.

** Collateral entry may be recorded in the long-term debt "holding account". See Entry #13.

Budget Entries—Modifications

#4

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
510	Estimated Revenue	20	
900	Appropriations		20

To record budget extension due to unanticipated revenues and increase existing appropriations.

#5

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
515	Estimated Other Financing Sources	70	
540	Appropriated Fund Balance		30
905	Other Financing Uses (Budget)		40

To record budget extension due to unanticipated other financing sources and to increase estimated other financing uses.

Revenues—Property Tax

#6

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
310	Taxes Receivable	6,230	
760	Deferred Revenue—Taxes Receivable		6,230

To record property taxes levied for the General Fund in the tax year 20XX.

#7

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	14,950	
960	Revenues		14,950

To record property taxes received as reported by the county treasurer.

#8

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
760	Deferred Revenue—Taxes Receivable	14,950	
310	Taxes Receivable		14,950

To record the reduction in taxes receivable as a result of property tax collections.

#9

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	17	
240	Cash on Deposit with County Treasurer		17

To record the refund of collected property taxes as reported by the county treasurer.

Revenues

#10

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	36,580	
960	Revenues		36,580

To record revenues, except property taxes, collected directly by the county treasurer and not previously established as a receivable.

Revenues—Other Financing Sources

#11

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
340	Accounts Receivable	7,350	
960	Revenues		7,250
965	Other Financing Sources		100

To record revenues and other financing sources established as receivables and available. (The \$100 represents sources from the sale of equipment.)

#12

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	180	
960	Revenues		160
965	Other Financing Sources		20

To record revenues from cash receipts. (The \$20 represents sources from the sale of equipment.)

#13

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	264	
230	Cash on Hand		264

To record the remittance of cash to the county treasurer.

#14

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	5	
241	Warrants Outstanding		5

To record the refund of revenues when revenues were received by the school district.

#15

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
330	Due From Other Governmental Units	100	
340	Accounts Receivable	150	
750	Deferred Revenue		150
960	Revenues		100

To record accounts receivable from sources other than property taxes. The deferred revenues that are being established in accounts receivable are not available for revenue accrual.

#16

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	60	
240	Cash on Deposit with County Treasurer	90	
340	Accounts Receivable		150

To record the collection of various accounts receivable established in Entry #13. See collateral Entry #17.

#17

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
750	Deferred Revenue	150	
960	Revenue		150

To record as revenue, the collection of various accounts receivable. See previous Entries #15 and #16.

#18

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
750	Deferred Revenue	20	
340	Accounts Receivable		20

To record adjustments to accounts receivable.

Expenditures

#19

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	7,000	
605	Accrued Salaries		5,600
610	Payroll Deductions and Taxes Payable		1,400

To record monthly payroll and payroll deductions.

#20

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	350	
610	Payroll Deductions and Taxes Payable		350

To record employer's share of payroll and state employee's retirement.

#21

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
605	Accrued Salaries	5,660	
610	Payroll Deductions and Taxes Payable	1,758	
241	Warrants Outstanding		7,418

To record payment of accrued salaries, payroll deductions, and taxes payable.

#22

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	37,000	
601	Accounts Payable		37,000

To record amounts expended other than payroll during the current period.

#23

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	37,060	
241	Warrants Outstanding		37,060

To record issuance of warrants for amounts previously accrued. See Entry #1 for prior year accrual of \$60 and Entry #22 for current year accrual of \$37,000.

#24

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	5	
530	Expenditures		5

To record refunds of expenditures to the school district. The credit to expenditures is to the same program/activity/object that was used for the original expenditure.

#25

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	3	
530	Expenditures		3

To record voided or cancelled warrants.

Encumbrances

#26

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	300	
820	Reserved for Encumbrances		300

To record the reestablishment of encumbrances cancelled at the end of the prior year, but that are still considered open. This entry is made soon after the beginning of the current fiscal year.

#27

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	8,000	
820	Reserved for Encumbrances		8,000

To record the issuance of purchase orders, contracts, and payroll. Encumbrances are established on a routine basis at the time of issuance and not once a year as this entry indicates.

#28

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	7,000	
520	Encumbrances		7,000

To record the liquidation of encumbrances by the payment of vouchers or the cancellation of unneeded encumbrances.

Cash—Imprest

#29

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
200	Imprest Cash	5	
241	Warrants Outstanding		5

To record the establishment of an imprest account or to increase an existing imprest account. If a treasurer's check is used, credit Account 240 Cash on Deposit with County Treasurer.

#30

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	4	
241	Warrants Outstanding		4

To record the replenishment of an imprest account for audited expenditures.

#31

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	1	
200	Imprest Cash		1

To record the return of an imprest account when the account is abolished or reduced.

Interfund Receivables/Payables and Transfers

#32

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
350	Interfund Loans Receivable	150	
240	Cash on Deposit with County Treasurer		150

To record a loan to another fund (e.g., Capital Projects Fund). This entry can also be made using Account 241 instead of Account 240.

#33

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
320	Due From Other Funds	19	
241	Warrants Outstanding		19

To record payment of expenditures (wages, travel, etc.) of the ASB Fund by the General Fund and the establishment of an interfund receivable. See Entries #19 and #20 in the ASB Fund.

#34

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	162	
320	Due From Other Funds		10
350	Interfund Loans Receivable		150
960	Revenues		2

To record the repayment of a \$150 loan made to the Capital Projects Fund and the partial reimbursement of a receivable for payments made for the ASB Fund by the General Fund. Interfund loan interest of \$2 is collected only on the interfund loan.

#35

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	500	
645	Interfund Loans Payable		500

To record a \$500 loan received from the Capital Projects Fund.

#36

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	50	
640	Due to Other Funds		50

To record a \$50 reimbursement of expenditures which were paid by the ASB Fund.

#37

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
536	Other Financing Uses—Transfers Out	50	
240	Cash on Deposit with County Treasurer		50

To record a \$50 operating transfer-out to the Transportation Vehicle Fund. This entry can also be made using Account 241 instead of Account 240.

#38

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	15	
645	Interfund Loans Payable	500	
240	Cash on Deposit with County Treasurer		515

To record the repayment of the \$500 loan from the Capital Projects Fund. Interfund loan interest of \$15 was paid.

#39

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
640	Due to Other Funds	50	
240	Cash on Deposit with County Treasurer		50

To record the repayment of \$50 payable that was for expenditures paid by the ASB Fund. See Entry #37.

Prepaid Items

#40

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
430	Prepaid Items	60	
601	Accounts Payable		60

To record the purchase of a two-year insurance policy.

#41

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	60	
241	Warrants Outstanding		60

To record payment of the payable established with the two-year insurance policy.

#42

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	50	
430	Prepaid Items		50

To record current year expenditures for first year of insurance set up in preceding entry (\$30) and business machine contract (\$20) set up in opening entry.

Investments

#43

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
450	Investments	1,000	
240	Cash on Deposit with County Treasurer		1,000

To record the purchase of investments.

#44

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	865	
450	Investments		850
960	Revenues		15

To record the sale of investments and the related revenue.

Contracts Payable—Long-Term

#45

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	155	
820	Reserved for Encumbrances		155

To record a two-year conditional sales contract. A television system has been purchased in the current period.

#46

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	150	
965	Other Financing Sources		150

To record the delivery of the television system. The contract has a payment of \$50 due in two months. See Entry #47.

** Collateral entry (long-term portion of \$100) may be recorded in the long-term debt "holding account". See Entry #14.

#47

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	50	
241	Warrants Outstanding		50

To record the current portion of the contract for the purchase of the television system. See Entry #46.

#48

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	150	
520	Encumbrances		150

To record the decrease in encumbrances concurrent with expenditures for delivery of the television system.

** Collateral entry may be recorded in the capital asset "holding account". See Entry #4.

#49

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	5	
602	Contracts Payable—Current		5

To record the first-year interest charge on the installment purchase contract. Interest accrues as time passes and therefore becomes a payable when the first payment comes due.

#50

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	5	
520	Encumbrances		5

To record the decrease in encumbrances concurrent with establishing a payable for interest on the contract.

#51

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
602	Contracts Payable—Current	55	
241	Warrants Outstanding		55

To record the first payment on the conditional sales contract. The principal amount is \$50 with interest of \$5.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #15.

Inventory—Supplies and Materials—Perpetual Method

#52

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
410	Inventory—Supplies and Materials	220	
601	Accounts Payable		220

To record the receipt of inventory items.

#53General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	220	
241	Warrants Outstanding		220

To record the payment of payable established upon receipt of inventory items.

#54General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	195	
410	Inventory—Supplies and Materials		195

To record the reduction in inventory for supplies and materials withdrawn from stock or an inventory reduction when a physical inventory reveals that the book figure exceeds the actual stock.

Inventory—Supplies and Materials—Periodic Method**#55**General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	250	
410	Inventory—Supplies and Materials		250

To record expenditures of inventory items at the beginning of the year. It is assumed that inventory items are used before any new purchases.

#56General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	200	
601	Accounts Payable		200

To record the receipt of inventory items and their immediate expenditure.

#57General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
410	Inventory—Supplies and Materials	50	
530	Expenditures		50

To record the establishment of inventory accounts based on a periodic physical count of items. Inventory should be costed by using the first in-first out method (FIFO).

Inventory—School Food Services—Perpetual Method**#58**General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
420	Inventory—Lunchrooms	450	
601	Accounts Payable		450

To record the receipt of purchased inventory items.

#59General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	155	
420	Inventory—Lunchrooms		155

To record the reduction in inventories for items withdrawn from stock.

#60General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	100	
420	Inventory—Lunchrooms		100

To record the reduction of inventories when physical inventories reveal that the book figures exceed the actual stock.

Inventory—School Food Services—Periodic Method**#61**General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
420	Inventory—Lunchrooms	150	
601	Accounts Payable		150

To record the receipt of purchased inventory items.

#62General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	400	
420	Inventory—Lunchrooms		400

To record expenditures of items in inventories at the beginning of the year. It is assumed that inventory items are used before new purchases.

#63General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	400	
601	Accounts Payable		400

To record the receipt and immediate expenditure of inventory items.

#64General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
420	Inventory—Lunchrooms	400	
530	Expenditures		400

To record the establishment of inventory accounts based on the periodic count of items. Inventory should be valued by using the first in-first out method.

Accounts Payable

#65

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	200	
601	Accounts Payable		200

To record expenditures from the voucher listing control.

#66

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	199	
241	Warrants Outstanding		199

To record the payment of vouchers from the warrant register control.

#67

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	42,700	
240	Cash on Deposit with County Treasurer		42,700

To record the redemption of warrants as shown by the county treasurer.

#68

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	1	
530	Expenditures		1

To record the credit memo received on previous purchase.

Capital Assets—Trade-In

#68a

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	10,000	
493	Capital Assets—Equipment		10,000

To record the purchase of a new truck costing \$15,000 net of a trade-in allowance of \$5,000.

** Collateral entry from Entry #8b in the capital asset “holding account.”

Deferred Compensation

#69

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
455	Investments—Deferred Compensation	60	
635	Deferred Compensation Payable		60

To record the investment and related liability for deferred compensation. Cash for investments is obtained by warrant written along with the payroll. Amounts are expended with payroll.

#70

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
635	Deferred Compensation Payable	5	
455	Investments—Deferred Compensation		5

To record the investment fees or losses on investments.

#71

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	30	
455	Investments—Deferred Compensation		30

To record the partial liquidation of investments for the purpose of making payments to employees. This entry assumes that investments are not handled by the county. If the county liquidates investments, GL 230 is replaced by GL 240.

#72

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
635	Deferred Compensation Payable	30	
241	Warrants Outstanding		28
610	Payroll Deductions and Taxes Payable		2

To record the payment to an employee or a former employee and the accrual of the federal tax deduction.

Self-Insured Industrial Insurance

#73

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
459	Self-Insurance Security Deposits	1,500	
240	Cash on Deposit with County Treasurer		1,500

To record the security deposit required by the Department of Labor and Industries for a deposit held in trust by the county treasurer. GL Account 241 may be appropriate if the deposit is held in trust by other than the county treasurer.

#74

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	30	
639	Estimated Industrial Insurance Benefits Payable		30

To record the expenditure for industrial insurance benefits and the liability claims. This is a payroll entry.

#75

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
639	Estimated Industrial Insurance Benefits Payable	10	
241	Warrants Outstanding		10

To record the payment of benefit claims, administrative assessments, and reinsurance premiums for industrial insurance.

#76

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	5	
601	Accounts Payable		5

To record the supplemental pension, consulting firm service fees, surety bond premiums, legal and other related expenditures involved with industrial insurance benefits.

Unemployment Compensation Benefits Reimbursement—District Not In Pool

#77

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	40	
637	Estimated Unemployment Benefits Payable		40

To record the expenditure of unemployment benefits during payroll processing. The liability is for estimated future claims against current wages.

#78

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
637	Estimated Unemployment Benefits Payable	10	
241	Warrants Outstanding		10

To record the payment of unemployment benefits and administrative assessments to the Employment Security Department. These amounts represent claims actually paid by Employment Security that are now being reimbursed by the district.

Adjustments—Prior Period or Year—Immaterial Errors

Entries for immaterial errors are handled the same as correcting entries in the current year. See the Expenditures section of Journal Entries. Refer to definition of materiality in Chapter 8 Financial Reporting.

Adjustments—Prior Period or Year—Material Errors

Prior period or year adjustments are infrequent and must be of a material amount. Entries #79, #80, #81, and #82 are samples of some adjustments that might be necessary in certain unusual situations. Refer to the definition of materiality in Chapter 8 Financial Reporting.

#79

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	50,000	
898	Prior Year Corrections or Restatements		50,000

To record the refund of expenditures paid in a prior period/year.

#80

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
898	Prior Year Corrections or Restatements	40,000	
240	Cash on Deposit with County Treasurer		40,000

To record the refund of prior year tax receipts.

#81

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
420	Inventory—Lunchrooms	15,600	
898	Prior Year Corrections or Restatements		15,600

To record the correction of an error in recording the prior year physical inventory.

#82

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
898	Prior Year Corrections or Restatements	15,000	
601	Accounts Payable		15,000

To record the correction of prior year accruals that were missed in error.

Adjustments—Prior Period or Year—Fund Entity Changes

Fund entity changes occur when an equity transfer is made to another governmental unit outside of the school district.

#82a

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
898	Prior Year Corrections or Restatements	400,000	
630	Due to Other Governmental Units		400,000

To record transfer of resources to XYZ ECEAP Center. This journal entry is used to reduce beginning fund balance. At the end of the year, GL Account 898 is closed to 890 Unreserved Fund Balance.

Accrual for Payroll

#83

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	500	
605	Accrued Salaries		460
610	Payroll Deductions and Taxes Payable		40

To record payroll accruals as of the end of fiscal year 8/31/20XX. Since all expenditures are processed through the payables, this represents only amounts that do not already appear in the balance of the payables at the end of the period.

Closing Entries

#84

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
900	Appropriations	47,770	
905	Other Financing Uses (Budget)	290	
510	Estimated Revenues		47,570
515	Estimated Other Financing Sources		270
540	Appropriated Fund Balance		220

To record the closing of the budgetary accounts. Since these accounts must always be in balance during the year, the closing entries simply eliminate the existing balances.

#85

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
890	Unreserved, Undesignated Fund Balance	46,331	
530	Expenditures		46,281
535	Other Financing Uses (Actual)		50

To record the closing of expenditures and other financing uses at the end of the fiscal year.

#86

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	59,219	
965	Other Financing Sources		220
890	Unreserved, Undesignated Fund Balance		59,439

To record the closing of revenues and other financing sources at the end of the fiscal year.

#87

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	1,300	
520	Encumbrances		1,300

To record the closing of encumbrances to reserved for encumbrances at the end of the fiscal year.

#88

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
898	Prior Year Corrections or Restatements	410,600	
890	Unreserved, Undesignated Fund Balance		410,600

To record the closing of the prior year corrections at the end of the fiscal year.

ASSOCIATED STUDENT BODY FUND JOURNAL ENTRIES

Opening Entry

#1

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	85	
410	Inventory—Supplies and Materials	1	
430	Prepaid Items	1	
450	Investments	18	
601	Accounts Payable		1
890	Unreserved, Undesignated Fund Balance		104

To record the ASB Fund opening entry as of September 1, 20XX. This represents the beginning trial balance.

Budget Entry

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
510	Estimated Revenues	338	
540	Appropriated Fund Balance		38
900	Appropriations		300

To record the annual budget of the ASB Fund as adopted by the board of directors for the fiscal year 20XX.

Cash—Imprest

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
200	Imprest Cash	10	
241	Warrants Outstanding		10

To record the establishment of an imprest account or to increase an existing imprest account. If a treasurer's check is used, credit Account 240 Cash on Deposit with County Treasurer.

#4

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	8	
241	Warrants Outstanding		8
890	Unreserved, Undesignated Fund Balance	8	
930	Expenditure Contra (530)		8

To record the replenishment of an imprest account by warrant.

#5

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	10	
200	Imprest Cash		10

To record the return of an imprest account when the account is reduced, abolished, or returned to the district at year-end.

Inventory—Supplies and Materials—Periodic Method

#6

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	2	
410	Inventory—Supplies and Materials		2
890	Unreserved, Undesignated Fund Balance	2	
930	Expenditure Contra (530)		2

To record an inventory adjustment at the time of a periodic inventory.

Investments

#7

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
450	Investments	100	
240	Cash on Deposit with County Treasurer		100

To record the purchase of investments.

#8

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	110	
450	Investments		100
960	Revenues		10
560	Revenue Contra (960)	10	
890	Unreserved, Undesignated Fund Balance		10

To record the sale of investments and the related investment revenue.

Expenditures

#9

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	129	
241	Warrants Outstanding		129
890	Unreserved, Undesignated Fund Balance	129	
930	Expenditure Contra (530)		129

To record expenditures.

#10

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	168	
240	Cash on Deposit with County Treasurer		168

To record the redemption of warrants as shown by the county treasurer's report.

Accounts Payable

#11

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	2	
241	Warrants Outstanding		2

To record the payment of vouchers previously approved.

#12

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	2	
601	Accounts Payable		2
890	Unreserved, Undesignated Fund Balance	2	
930	Expenditure Contra		2

To record an accrual at the end of the fiscal year.

Contracts Payable

#13

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	5	
602	Contracts Payable—Current		5
890	Unreserved, Undesignated Fund Balance	5	
930	Expenditure Contra		5

To record an expenditure through a contract payable.

Encumbrances

#14

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	3	
820	Reserved for Encumbrances		3

To record the issuance of purchase orders.

#15

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	3	
520	Encumbrances		3

To record the liquidation of encumbrances by the payment of vouchers or the cancellation of unneeded encumbered purchase orders.

Revenues

#16

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	13	
960	Revenues		13
560	Revenue Contra (960)	13	
890	Unreserved, Undesignated Fund Balance		13

To record revenues deposited with the county treasurer.

#17

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	9	
960	Revenues		9
560	Revenue Contra (960)	9	
890	Unreserved, Undesignated Fund Balance		9

To record the receipt of revenues collected by the district for remittance to the county treasurer via the depository account.

#18

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	9	
230	Cash on Hand		9

To record the deposit of cash with the county treasurer.

Interfund Receivables/Payables and Transfers

#19

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	19	
640	Due to Other Funds		19
890	Unreserved, Undesignated Fund Balance	19	
930	Expenditure Contra (530)		19

To record a liability to the General Fund for ASB expenditures incurred by the General Fund. See Entry #33 in the General Fund.

#20

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
640	Due to Other Funds	19	
241	Warrants Outstanding		19

To record the payment to the General Fund for the amount due. See Entry #33 in the General Fund.

Capital Assets—Purchase

#21

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credits</u>
530	Expenditures	10	
241	Warrants Outstanding		10
890	Unreserved, Undesignated Fund Balance	10	
930	Expenditure Contra (530)		10

To record a purchase of equipment which is a capital asset.

** Collateral entry may be recorded in the capital asset "holding account". See Entry #7.

** The donation of equipment items to the ASB Fund does not require an entry in the ASB Fund. The equipment is recorded in the capital asset "holding account. See Entry #7.

Closing Entries

#22

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
540	Appropriated Fund Balance	38	
900	Appropriations	300	
510	Estimated Revenues		338

To record the closing of the budgetary accounts. Since these accounts must always be in balance during the year, the closing entries simply eliminate the existing balances.

#23

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
930	Expenditure Contra (530)	280	
530	Expenditures		280

To record the closing of expenditures at the end of the fiscal year.

#24

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	338	
560	Revenue Contra (960)		338

To record the closing of revenues at the end of the fiscal year.

#25

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	8	
520	Encumbrances		8

To close encumbrances to reserved for encumbrances at the close of the fiscal year.

NOTE: If encumbrances are carried forward to the next fiscal year, reestablish the prior year encumbrances closed to the reserved for encumbrances by reversing that entry in the new fiscal year.

This page left blank intentionally.

DEBT SERVICE FUND JOURNAL ENTRIES

Opening Entry

#1

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	42	
250	Cash With Fiscal Agent	17	
310	Taxes Receivable	292	
340	Accounts Receivable	100	
450	Investments	350	
675	Matured Bonds Payable		15
685	Matured Bond Interest Payable		2
760	Deferred Revenue—Taxes Receivable		392
890	Unreserved, Undesignated Fund Balance		392

To record the Debt Service Fund opening entry as of September 1, 20XX. This represents the beginning trial balance.

Budget Entry

#2

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
510	Estimated Revenues	763	
515	Estimated Other Financing Sources	110	
540	Appropriated Fund Balance	60	
900	Appropriations		833
905	Other Financing Uses (Budget)		100

To record the annual budget of the Debt Service Fund as adopted by the board of directors reflecting the amount of bonds to be redeemed, interest to be paid, and other uses in the refunded bond fund.

Revenues—Property Tax

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
310	Taxes Receivable	784	
760	Deferred Revenue—Taxes Receivable		784

To record the property taxes levied for the Debt Service Fund for the tax year 20XX.

#4

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	688	
960	Revenues		688

To record the collection of property taxes as reported by the county treasurer.

#5

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
760	Deferred Revenue—Taxes Receivable	688	
310	Taxes Receivable		688

To record the reduction in taxes receivable as a result of property tax collections.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #2.

#6

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	1	
240	Cash on Deposit with County Treasurer		1

To record the refund of collected property taxes.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #3.

Revenues—Other Financing Sources

#7

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	188	
960	Revenues		188

To record the state forest revenue.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #4.

#8

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
340	Accounts Receivable	10	
965	Other Financing Sources		10

To record the proceeds from the sale of real property that are receivables. The property was originally financed by the sale of bonds that have not been totally retired.

** Collateral entry may be recorded in the long-term debt “holding account”. See Entry #5.

#9

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	10	
340	Accounts Receivable		10

To record the collection of accounts receivable.

Expenditures

#10

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	822	
675	Matured Bonds Payable		750
685	Matured Bond Interest Payable		72

To record the expenditures for bond principal and interest.

** Collateral entry may be recorded in the long-term debt "holding account". See Entry #6.

#11

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	1	
680	Bond Service Transfer Fees Payable		1

To record the bond transfer expenditures.

** Collateral entry may be recorded in the long-term debt "holding account". See Entry #7.

Expenditures—Bond Redemption

#12

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
250	Cash With Fiscal Agent	842	
240	Cash on Deposit with County Treasurer		842

To record the cash remitted to the fiscal agent for scheduled bond redemption and coupon interest payments by the fiscal agent.

#13

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
675	Matured Bonds Payable	763	
685	Matured Bond Interest Payable	76	
250	Cash With Fiscal Agent		839

To record the redemption of matured bond principal and matured bond interest paid by a fiscal agent other than the county treasurer. GL Account 240 would be used instead of 250 if the county treasurer paid the principal and interest.

Interfund Receivables/Payables and Transfers

#14

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	10	
645	Interfund Loans Payable		10

To record a loan received from another fund.

#15

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	1	
645	Interfund Loans Payable	10	
240	Cash on Deposit with County Treasurer		11

To record the repayment of a loan received from another fund. The \$1 represents interest.

** Collateral entry may be recorded in the long-term debt "holding account". See Entry #8.

#16

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
965	Other Financing Sources		100

To record an operating transfer from the Transportation Vehicle Fund. The subsidiary used in GL Account 965 is Account 9900 Transfers.

#17

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
965	Other Financing Uses—Operating Transfer Out—General Fund	100	
240	Cash on Deposit with County Treasurer		100

To record a transfer to the General Fund.

Investments

#18

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
450	Investments	2,340	
240	Cash on Deposit with County Treasurer		2,340

To record the purchase of investments.

#19

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	2,264	
450	Investments		2,230
960	Revenues		34

To record the sale of investments and the earned interest.

** Collateral entry may be recorded in the long-term debt “holding account”. See Entry #9.

Accrued Interest

#20

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	20	
604	Accrued Interest Payable		20

To record the cash received for accrued interest from date of bond issuance until the cash was received.

Accrued Interest Continued

#20a

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	80	
604	Accrued Interest Payable	20	
240	Cash		100

To record the payment of interest on bonds including the accrued interest payable. See Entry #20 of this section.

Journal Entries for the Regular Method of Advance Bond Debt Refunding

#21

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
535	Other Financing Uses (Actual)—Payment to Refunded Bond Escrow Agent	510,000	
965	Other Financing Sources—Sale of Refunding Bonds		510,000

This entry records the proceeds from the sale of the refunding bonds and the payment to the refunded bond escrow agent to defease the old debt. This entry also includes \$10,000 in both the Other Financing Uses and Other Financing Sources accounts for underwriting fees. If the school district receives the cash from the sale of the refunding bonds, this entry would be split into two entries that would include a debit to cash for the receipt of the proceeds and a credit to cash to record the payments to the escrow agent and to the underwriter.

** Collateral entries may be recorded in the long-term debt “holding account” as Entries #17 and #18.

#22

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	10,000	
601	Accounts Payable		10,000

To record debt issuance expenditures from the debt service fund’s current resources for the underwriter’s fees. If the underwriter’s fees are deducted from the proceeds of the refunding bonds, Entry #21 is to be used.

Journal Entries for the Crossover Method of Advance Bond Debt Refunding

#23

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
250	Cash With Fiscal Agent	500,000	
965	Other Financing Sources—Sale of Refunding Bonds		500,000

To record the amount placed in escrow as the result of a crossover refunding bond issue.

** Collateral entry may be recorded in the long-term debt “holding account” as Entry #21.

#24

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
535	Other Financing Uses (Actual)—Crossover Defeasance	500,000	
250	Cash With Fiscal Agent		500,000

To record the amount placed in escrow as the result of a crossover refunding bond issue.

** Collateral entry may be recorded in the long-term debt “holding account” as Entry #21.

#25

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Source</u>
240	Cash On Deposit With County Treasurer	2,975		Accrued interest
240	Cash On Deposit With County Treasurer	3,925		Add'l proceeds to debt service (new bond)
535	Other Financing Uses (Actual) Bond Issue Costs	19,100		Payment of issue costs
535	Other Financing Uses (Actual) Bond Issue Costs			Bond insurance premium (if any)
535	Other Financing Uses (Actual) Bond Issue Costs	19,150		Underwriter’s discount
535	Other Financing Uses (Actual) Bond Interest Expense		2,975	Accrued interest
535	Other Financing Uses (Actual)	1,936,420		Deposit to escrow
535	Other Financing Uses (Actual)	5		Deposit to escrow
965	Proceeds from Bonds		1,980,000	Par value of new bonds
965	Proceeds from Bonds	1,400		Original issue discount (premium)
965	Proceeds from Bonds			Rounding of split costs

To record bond refunding.

Note: Account 604 could be used for accrued interest if not done in the same fiscal year. If this is done, it is important the entry be reversed the next year.

Closing Entries

#26

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
900	Appropriations	833	
905	Other Financing Uses (Budget)	100	
510	Estimated Revenues		763
515	Estimated Other Financing Sources		110
540	Appropriated Fund Balance		60

To record the closing of budgetary accounts.

#27

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
890	Unreserved, Undesignated Fund Balance	824	
530	Expenditures		824

To record the closing of expenditures at the end of the fiscal year.

#28

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	909	
965	Other Financing Sources		10
890	Unreserved, Undesignated Fund Balance		919

To record the closing of revenues at the end of the fiscal year.

This page left blank intentionally.

CAPITAL PROJECTS FUND JOURNAL ENTRIES

Opening Entry

#1

General Ledger		<u>Debit</u>	<u>Credit</u>
<u>Account</u>	<u>Account Title and Description</u>		
240	Cash on Deposit with County Treasurer	525	
310	Taxes Receivable	150	
340	Accounts Receivable	10	
450	Investments	25,000	
241	Warrants Outstanding		100
601	Accounts Payable		75
750	Deferred Revenue		10
760	Deferred Revenue—Taxes Receivable		150
890	Unreserved, Undesignated Fund Balance		25,350

To record the Capital Projects Fund opening entry as of September 1, 20XX. This represents the beginning trial balance.

Budget Entry

#2

General Ledger		<u>Debit</u>	<u>Credit</u>
<u>Account</u>	<u>Account Title and Description</u>		
510	Estimated Revenues	18,000	
515	Estimated Other Financing Sources	19,000	
540	Appropriated Fund Balance		2,000
900	Appropriations		35,000

To record the annual budget of the Capital Projects Fund as adopted by the board of directors for fiscal year 20XX–XX.

Revenues—Property Tax

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
310	Taxes Receivable	3,000	
760	Deferred Revenue—Taxes Receivable		3,000

To record the property taxes levied for the Capital Projects Fund for the tax year 20XX.

#4

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	1,550	
960	Revenues		1,550

To record the collection of property taxes as reported by the county treasurer.

#5

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
760	Deferred Revenue—Taxes Receivable	1,550	
310	Taxes Receivable		1,550

To record the reduction in taxes receivable as a result of property tax collections as reported by the county treasurer.

#6

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	10	
240	Cash on Deposit with County Treasurer		10

To record the refund of collected property taxes.

Investments

#7

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
450	Investments	5,000	
240	Cash on Deposit with County Treasurer		5,000

To record the purchase of investments.

#8

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	20,200	
450	Investments		20,000
960	Revenues		200

To record the sale of investments and the related revenue earned.

Revenues

#9

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	100	
960	Revenues		100

To record the receipt for revenues collected by the district to be remitted to the county treasurer.

#10

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
230	Cash on Hand		100

To record the deposit of cash with the county treasurer.

Revenues—Other Financing Sources

#11

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	19,000	
965	Other Financing Sources		19,000

To record the sale of bonds. This entry can be used as a format for the following entries: sale of real property, sale of equipment, and the compensated loss of capital assets.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #10.

#11b

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	2,000,000	
965	Other Financing Sources		2,000,000

To record the sale of zero-coupon bonds. Bonds have face value of \$2,500,000 and are due in 15 years.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #21.

Interfund Receivables/Payables and Transfers

#12

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
645	Interfund Loans Payable		100

To record the issuance of an interfund loan payable.

#13

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	6	
645	Interfund Loans Payable	100	
240	Cash on Deposit with County Treasurer		106

To record the repayment of an interfund loan payable. Interfund interest of \$6 was also paid.

#14

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
320	Due From Other Funds	100	
240	Cash on Deposit with County Treasurer		100

To record the existence of an interfund receivable from the General Fund.

#15

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	106	
320	Due From Other Funds		100
960	Revenues		6

To record the repayment of interfund receivable from the General Fund including interest earned of \$6.

#16

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
536	Other Financing Uses—Transfers Out	100	
240	Cash on Deposit with County Treasurer		100

To record the transfer of resources to the Debt Service Fund so that it can make payment on nonvoted bonds that were used to purchase portables.

Expenditures

#17

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	4,000	
820	Reserved for Encumbrances		4,000

To record the commitment for purchases.

#18

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	4,000	
601	Accounts Payable		4,000

To record expenditures.

#19

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	4,000	
520	Encumbrances		4,000

To record encumbrance liquidation.

#20

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	4,000	
241	Warrants Outstanding		4,000

To record warrants issued, including a separate warrant for 5 percent retainage to an escrow bank account.

#21

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	4,000	
240	Cash on Deposit with County Treasurer		4,000

To record warrant redemption.

Contracts Payable—Long-Term

#22

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	2,500	
602	Contracts Payable—Current		500
965	Other Financing Sources		2,000

To record expenditures; \$500 to be paid in current year and \$2,000 to be paid in future years.

** Collateral entry may be recorded in the long-term debt “holding account.” See Entry #11.

#23

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debits</u>	<u>Credit</u>
602	Contracts Payable—Current	500	
241	Warrants Outstanding		500

To record the warrant issued for the current year portion of the long-term contract.

#24

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	500	
240	Cash on Deposit with County Treasurer		500

To record warrant redemption.

Revenues—State Matching

#25

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	5,000	
820	Reserved for Encumbrances		5,000

To record the commitment for purchases.

#26

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	5,000	
960	Revenues		5,000

To record the receipt of state matching moneys paid directly to the contractor.

#27

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	5,000	
520	Encumbrances		5,000

To record encumbrance liquidation.

Closing Entries

#28

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
540	Appropriated Fund Balance	2,000	
900	Appropriations	35,000	
510	Estimated Revenues		18,000
515	Estimated Other Financing Sources		19,000

To record the closing of budgetary accounts.

#29

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	6,846	
965	Other Financing Sources	21,000	
530	Expenditures		11,506
890	Unreserved, Undesignated Fund Balance		16,340

To record the closing of revenues, expenditures, and other financing sources to unreserved fund balance.

This page left blank intentionally.

TRANSPORTATION VEHICLE FUND JOURNAL ENTRIES

Opening Entry

#1

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
310	Taxes Receivable	150	
450	Investments	1,000	
241	Warrants Outstanding		50
601	Accounts Payable		25
645	Interfund Loans Payable		200
760	Deferred Revenue—Taxes Receivable		150
890	Unreserved, Undesignated Fund Balance		825

To record the Transportation Vehicle Fund opening entry as of September 1, 20XX. This represents the beginning trial balance.

Budget Entry

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
510	Estimated Revenues	1,900	
515	Estimated Other Financing Sources	3,000	
540	Appropriated Fund Balance		1,439
900	Appropriations		3,461

To record the annual budget of the Transportation Vehicle Fund as adopted by the board of directors for fiscal year 20XX–XX.

Revenues—Property Tax

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
310	Taxes Receivable	1,500	
760	Deferred Revenue—Taxes Receivable		1,500

To record the property taxes levied for the Transportation Vehicle Fund for the tax year 20XX.

#8

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	650	
450	Investments		600
960	Revenues		50

To record the sale of investments and the earned interest.

Revenues

#9

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
230	Cash on Hand	100	
960	Revenues		100

To record the receipt of revenues collected by the district for remittance to the county treasurer.

#10

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
230	Cash on Hand		100

To record the deposit of cash with the county treasurer.

Revenues—Other Financing Sources

#11

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	3,000	
965	Other Financing Sources		3,000

To record the sale of bonds. This entry can be used as a format for the following entries: sale of equipment, compensated loss of capital assets, long-term financing, and operating transfers.

Interfund Receivables/Payables and Transfers

#12

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100	
645	Interfund Loans Payable		100

To record the issuance of an interfund loan payable.

#13

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	6	
645	Interfund Loans Payable	100	
240	Cash on Deposit with County Treasurer		106

To record the repayment of an interfund loan payable including interest of \$6. (This entry can also be made using Account 241 instead of 240.)

#14

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
536	Other Financing Uses—Transfers Out	100	
240	Cash on Deposit with County Treasurer		100

To record the transfer of resources to the Debt Service Fund so that it can make the payment for nonvoted bonds that were used to purchase buses.

Expenditures

#15

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
520	Encumbrances	1,500	
820	Reserved for Encumbrances		1,500

To record commitment for purchases.

#16

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	1,500	
601	Accounts Payable		1,500

To record expenditures.

#17

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
820	Reserved for Encumbrances	1,500	
520	Encumbrances		1,500

To record encumbrance liquidation.

#18

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
601	Accounts Payable	1,500	
241	Warrants Outstanding		1,500

To record warrants issued.

#19

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	1,500	
240	Cash on Deposit with County Treasurer		1,500

To record warrant redemption.

Contracts Payable—Long-Term

#20

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	2,500	
602	Contracts Payable—Current		500
965	Other Financing Sources		2,000

To record expenditures; \$500 to be paid in the current fiscal year and \$2,000 to be paid in future years.

** Collateral entry may be recorded in the long-term debt “holding account”. See Entry #12.

#21

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
602	Contracts Payable—Current	500	
241	Warrants Outstanding		500

To record the \$500 warrant issued for the first payment of the contract payable. See Entry #20.

#22

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
241	Warrants Outstanding	500	
240	Cash on Deposit with County Treasurer		500

To record warrant redemption.

Capital Assets—Purchase

#23

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	28	
241	Warrants Outstanding		28

To record the purchase and delivery of a new bus.

** Collateral entry is recorded in the capital asset “holding account” (if used). See Entry #5.

#24

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	2	
241	Warrants Outstanding		2

To record the purchase, delivery, and installation of a rebuilt bus engine.

** Collateral entry is recorded in the capital asset “holding account” (if used). See Entry #6.

Closing Entries

#25

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
540	Appropriated Fund Balance	1,439	
900	Appropriations	3,461	
510	Estimated Revenue		1,900
515	Estimated Other Financing Sources		3,000

To record the closing of budgetary accounts.

#26

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
960	Revenues	896	
965	Other Financing Sources	5,000	
530	Expenditures		4,006
890	Unreserved, Undesignated Fund Balance		1,890

To record closing of revenues, expenditures, and other financing sources to unreserved fund balance.

LONG-TERM DEBT “HOLDING ACCOUNT” JOURNAL ENTRIES

With the adoption of the Governmental Accounting Standards Board’s (GASB) Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, account groups were eliminated and long-term debt no longer shown on the fund financial statements. Generally Accepted Accounting Principles (GAAP) now require debt be presented on the Statement of Net Assets.

While not required, districts may find it useful to continue to make journal entries and accumulate debt information in a long-term debt “holding account.” This may facilitate preparation of the Schedule of Long-Term Debt and required long-term debt note disclosures.

Opening Entry

#1

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	392	
480	Amount to be Provided for Debt Retirement	7,098	
603	Contracts Payable—Long-Term		100
690	Bonds Payable—Long-Term		7,390

To record the long-term debt “holding account” opening entry as of September 1, 20XX. This represents the beginning trial balance.

Collateral Entries—Debt Service Fund

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	688	
480	Amount to be Provided for Debt Retirement		688

To record the collection of property taxes as reported by the county treasurer. See Entry #5 in Debt Service Fund.

#3

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	1	
470	Amount Available in Debt Service Fund		1

To record the tax refunds on property taxes collected. See Entry #6 in Debt Service Fund.

#4

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	188	
480	Amount to be Provided for Debt Retirement		188

To record the receipt of state forest revenues. See Entry #7 in Debt Service Fund.

#5

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	10	
480	Amount to be Provided for Debt Retirement		10

To record the sale of real property. See Entry #8 in Debt Service Fund.

#6

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	72	
690	Bonds Payable—Long-Term	750	
470	Amount Available in Debt Service Fund		822

To record the expenditures for bond principal and interest in the Debt Service Fund. See Entry #10 in Debt Service Fund.

#7

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	1	
470	Amount Available in Debt Service Fund		1

To record the bond transfer expenditures. See Entry #11 in Debt Service Fund.

#8

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	1	
470	Amount Available in Debt Service Fund		1

To record the repayment of loan interest by the debt service fund. See Entry #15 in Debt Service Fund.

#9

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	34	
480	Amount to be Provided for Debt Retirement		34

To record the revenue from the sale of investments. See Entry #19 in Debt Service Fund.

Collateral Entries—Capital Projects Fund

#10

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	19,000	
690	Bonds Payable—Long-Term		19,000

To record the sale of bonds. See Entry #11 in Capital Projects Fund.

#11

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	2,000	
603	Contracts Payable—Long-Term		2,000

To record the long-term portion of a new contract payable. See Entry #22 in Capital Projects Fund.

Collateral Entries—Transportation Vehicle Fund

#12

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	2,000	
603	Contracts Payable—Long-Term		2,000

To record the long-term portion of a new contract payable. See Entry #20 in Transportation Vehicle Fund.

Collateral Entries—General Fund

#13

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
475	Amount Available in Other Funds	100	
480	Amount to be Provided for Debt Retirement		100

To record the reservation of fund balance. See Entry #3 in General Fund.

#14

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	100	
603	Contracts Payable—Long-Term		100

To record the long-term portion of a new contract payable. See Entry #46 in General Fund.

#15

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
603	Contracts Payable—Long-Term	50	
475	Amount Available in Other Funds		50

To record matured contracts payable. See Entry #51 in General Fund.

Journal Entries for the Regular Method of Advance Bond Debt Refunding

#16

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
690	Bonds Payable—Long-Term (Old Bonds)	500,000	
480	Amount to be Provided for Debt Retirement		500,000

To remove the defeased (old) long-term debt from the long-term debt fund (if used). See Entry #21 in Debt Service Fund.

#17

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	510,000	
690	Bonds Payable—Long-Term (New Bonds)		510,000

To record the new debt in the long-term debt fund (if used). See Entry #21 in Debt Service Fund

Journal Entries for the Crossover Method of Advance Bond Debt Refunding

#18

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
470	Amount Available in Debt Service Fund	500,000	
480	Amount to be Provided for Debt Retirement		500,000

To recognize the cash with fiscal agent debit and the other financing source credit in the debt service fund from the sale of the new bonds that is available to pay the old bonds. See Entry #23 in Debt Service Fund.

#19

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Retirement	500,000	
690	Bonds Payable—Long-Term (New Bonds)		500,000

To record the new debt in the long-term debt fund (if used) at the time of the sale of the new bonds. See Entry #23 in Debt Service Fund.

#20

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
690	Bonds Payable—Long-Term (Old Bonds)	500,000	
470	Amount Available in Debt Service Fund		500,000

To remove the defeased (old) long-term debt from the Long-Term Debt Schedule at the time of the crossover. See Entry #24 in Debt Service Fund.

This page left blank intentionally.

CAPITAL ASSET “HOLDING ACCOUNT” JOURNAL ENTRIES

With the adoption of the Governmental Accounting Standards Board’s (GASB) Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, account groups were eliminated and capital (formerly fixed) assets no longer shown on the fund financial statements. Generally Accepted Accounting Principles (GAAP) require investments in capital assets (ICA) be presented on the Statement of Net Assets.

While not required, districts may find it useful to continue to make journal entries and accumulate debt information in a capital asset “holding account.” This may facilitate preparation of the required capital asset note disclosures.

Opening Entry

#1

General Ledger		<u>Debit</u>	<u>Credit</u>
<u>Account</u>	<u>Account Title and Description</u>		
490	Land	1,300	
491	Buildings	3,200	
492	Transportation Equipment	400	
493	Equipment	180	
494	Construction in Progress	260	
801	ICA From GO Bonds		2,700
802	ICA From Levies		200
803	ICA From State Grants		310
804	ICA From Federal Grants		800
805	ICA From Apportionment and Local Revenues		1,020
809	Unclassified ICA		310

To record the capital asset opening entry as of September 1, 20XX. This represents the beginning trial balance.

Collateral Entries—Construction in Progress

#2

General Ledger		<u>Debit</u>	<u>Credit</u>
<u>Account</u>	<u>Account Title and Description</u>		
801	ICA From GO Bonds	260	
494	Construction in Progress		260

To reverse the closing entry from the previous year.

#3

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
491	Buildings	900	
493	Equipment	50	
801	ICA From GO Bonds		900
804	ICA From Federal Grants		10
805	ICA From Apportionment and Local Revenues		40

To record the completion of an addition to an existing building with multiple sources of funding.

Collateral Entries—General Fund

#4

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
493	Equipment	15	
805	ICA From Apportionment and Local Revenues		15

To record the purchase and delivery of a closed circuit television system. Collateral entry from Entry #48 in the General Fund.

Collateral Entries—Transportation Vehicle Fund

#5

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
492	Transportation Equipment	28	
805	ICA From Apportionment and Local Revenues		28

To record the purchase and delivery of a new bus. Collateral entry from Entry #23 in Transportation Vehicle Fund.

#6

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
492	Transportation Equipment	2	
805	ICA From Apportionment and Local Revenues		2

To record the purchase, delivery, and installation of a rebuilt bus engine. Collateral entry from Entry #24 in the Transportation Vehicle Fund.

Collateral Entries—ASB Fund

#7

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
493	Equipment	10	
805	ICA From Apportionment and Local Revenues		10

To record the purchase and delivery of a popcorn popper by ASB. Collateral entry from Entry #21 in ASB Fund.

Capital Assets—Sale

#8

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
801	ICA From GO Bonds	100	
490	Land		100

To record the sale of land. The property was declared surplus by the board. Proceeds go to the Capital Projects Fund. Deletions are recorded at original cost regardless of sale price.

Capital Assets—Trade-In

#8a

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
805	ICA From Apportionment and Local Revenues	8,000	
493	Capital Assets—Equipment		8,000

To record elimination of a truck traded in to obtain a new truck. Deletions are recorded at original cost regardless of sale price or trade-in value.

#8b

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
805	Capital Assets—Equipment	15,000	
493	ICA From Apportionment and Local Revenues		15,000

To record the purchase of a truck obtained in a trade-in transaction at a cost of \$10,000 plus a trade-in allowance of \$5,000. Acquisitions are recorded at full price of the asset. Collateral entry from Entry #68a in the General Fund.

Inventory—Capital Assets

#9

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
493	Equipment	3	
809	Unclassified ICA	10	
492	Transportation Equipment		13

To record an adjustment to inventory balances to actual after annual confirmation.

#10

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
809	Unclassified ICA	50	
493	Equipment		50

To record the sale of old classroom furniture. These assets are removed at acquisition costs, not for the amount received from the sale.

Closing Entry

#11

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
490	Land	625	
491	Buildings	6,800	
493	Equipment	299	
494	Construction in Progress	131	
801	ICA From GO Bonds		4,300
802	ICA From Levies		1,049
803	ICA From State Grants		2,200
805	ICA From Apportionment and Local Revenues		306

To record capitalized expenditures and construction in progress from the Capital Projects Fund.

I-728 JOURNAL ENTRIES

Example:

A school district sells \$100,000 in bonds to increase classroom space. Bond principal and interest payments of \$20,000 and \$3,000 respectively are due for the next five years to repay the bond.

Entries for the transaction are as follows:

Capital Projects Fund

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100,000	
965	Other Financing Sources		100,000

To record receipt of bond proceeds.

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	100,000	
240	Cash on Deposit with County Treasurer		100,000

To record expenses incurred in building additional instructional space.

To record payments:

The school district would have the money deposited to the Capital Projects Fund to make the annual principal and interest payments.

Capital Projects Fund

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	23,000	
965	Other Financing Sources		23,000

To record I-728 Student Achievement monies received through apportionment.

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
536	Other Financing Uses—Transfers Out	23,000	
240	Cash on Deposit with County Treasurer		23,000

To transfer monies to the Debt Service Fund to repay nonvoted bond.

Debt Service Fund

Per statute only the Debt Service Fund can make principal and interest payments to repay bonds.

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	23,000	
965	Other Financing Sources (Revenue 9900 Transfers)		23,000

To record monies transferred in from the Capital Projects Fund.

Debt Service Fund

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
250	Cash With Fiscal Agent	23,000	
240	Cash on Deposit with County Treasurer		23,000

To record monies transferred to the fiscal agent to make bond payment.

Debt Service Fund

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures (Principal)	20,000	
530	Expenditures (Interest)	3,000	
250	Cash With Fiscal Agent		23,000

To record the principal and interest payments due on the non-voted bond.

Each year the school district would report \$23,000 as I-728 Student Achievement monies spent on increasing instructional space.

School District A – Accounted for in the General Fund

General Ledger			
<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1) 530	Expenditures	600	
601	Accounts Payable (630 Due to Other Governmental Units at year-end for accrual districts.)		600

To record grant expenditures for School Districts B and C.

2) 240	Cash on Deposit with County Treasurer	900	
960	Revenues		900

To record receipt of grant proceeds.

b) 601	Accounts Payable (630 Due to other Governmental Units at year-end for accrual basis districts.)	600	
241	Warrants Outstanding		600

To disburse grant proceeds to School Districts B and C.

School Districts B and C – Accounted for in the General Fund

General Ledger			
<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1) 240	Cash on Deposit with County Treasurer	300	
960	Revenues		300

To record receipt of grant proceeds.

Scenario 2 – Fiscal Agent as a Non-Participating District with Administrative Responsibilities

School District A has agreed to be the fiscal agent and based on the grant agreement School District A has administering and monitoring responsibilities for the grant. School District A is not benefiting from the grant with the exception of receiving a \$100 administrative fee. The administrative fee is reimbursable from the grant proceeds.

Prior to School District A receiving reimbursement, they first bill the \$50 administrative fee to School Districts B and C.

- For this scenario, we will assume that School Districts B and C have already paid School District A the administrative fee and have submitted their reimbursement requests totaling \$900 to School District A (\$400 in grant expenditures and the \$50 administrative fee for each participating school district).
- The following are the journal entries:

School District A – Accounted for in the General Fund

General Ledger				
<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>	
1)	When the fiscal agent gets claims for expenditure reimbursement from School Districts B and C, School District A makes the following journal entry:			
	530 Expenditures	900		
	601 Accounts Payable (630 Due to Other Governmental Units at year-end for accrual type districts.)		900	

To recognize grant expenditures and set up the payable to School Districts B and C.

2)	Upon receipt of the grant proceeds, School District A makes the following journal entries:			
a)	240 Cash on Deposit with County Treasurer	900		
	960 Revenues		900	

To record receipt of grant proceeds.

b)	601 Accounts Payable (630 Due to Other Governmental Units at year-end for accrual type districts.)	900		
	241 Warrants Outstanding		900	

To disburse the grant proceeds to School Districts B and C.

Scenario 3 – Fiscal Agent as a Non-Participating District with No Administrative Responsibilities (Cash Conduit Only)

School Districts B and C are the beneficiaries of this grant; however, to be eligible for the grant they must have a fiscal agent. School District A agrees to be the fiscal agent with no administrative responsibilities. School District A is not receiving an administrative fee, they are simply acting as a cash conduit for School Districts B and C. School District A will report the grant proceeds in the **Agency Fund (Fund 7)**.

School Districts B and C have expended funds according to the grant agreement and have requested reimbursement through School District A. When School District A receives the grant reimbursement from the grantor, the journal entries would be as follows:

School District A – Accounted for in the Agency Fund

General Ledger	<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1)	When School District A receives money from the grantor for School Districts B and C, the following entry is made:			
	968	Non-operating Revenues	900	
	538	Non-operating Expenses		900

To record receipt of grant proceeds.

2)	School District A then disburses the funds to School Districts B and C. The following journal entry is made:			
	538	Non-operating Expenses	900	
	968	Non-operating Revenues		900

To record the disbursements of grant proceeds to School Districts B and C.

School Districts B and C – Accounted for in the General Fund

General Ledger	<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1)	School Districts B and C make the following journal entry when they receive the funds from the fiscal agent (School District A):			
	240	Cash on Deposit with County Treasurer	450	
	960	Revenues (Since School District A was merely a cash conduit, this direct federal grant should be coded to the 62XX revenue code.)		450

To record receipt of grant proceeds.

Scenario 4 – Fiscal Agent as a Participating District with Administrative Responsibilities and On Behalf Payments

School District A is administering the grant, which includes purchasing items that will be used by all three of the school districts. School Districts B and C will not be getting any of the cash funds but rather will be provided with the resources (equipment, etc.) provided under the intent of the grant. The journal entries for purchasing the equipment and receiving the grant proceeds would be as follows:

School District A – Accounted for in the General Fund

General
Ledger

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1) School District A purchases equipment for themselves as well as School Districts B and C. School District A makes the following journal entry:			
530 Expenditures		900	
241 Warrants Outstanding			900

To record the purchase of equipment.

2) After purchasing the equipment, School District A requests reimbursement from the grantor. When the grant proceeds are received the following journal entry is made:			
240 Cash on Deposit with County Treasurer		900	
960 Revenues			900

To record receipt of grant proceeds.

School Districts B and C – Accounted for in the General Fund

General
Ledger

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1) School Districts B and C receive the equipment from School District A. The following journal entry is made:			
530 Expenditures		300	
960 Revenues			300

To reflect the equipment purchased by School District A with grant proceeds on behalf of School Districts B and C.

CAPITAL LEASE JOURNAL ENTRIES

Present Value Method

As an example of accounting for the acquisition of a capital lease agreement, assume a school district signs a capital lease agreement to pay \$10,000 on September 1, 2006, the scheduled date of delivery of certain equipment. The lease calls for annual payments of \$10,000 and the beginning of each year thereafter; that is, September 1, 2007, September 1, 2008, and so on, through September 1, 2015. There are 10 payments of \$10,000 each, for a total of \$100,000, but GAAP require entry in the accounts of the present value of the stream of annual payments, not their total. Since the initial payment of \$10,000 is paid at the inception of the lease, its present value is \$10,000. The present value of the remaining nine payments must be calculated using the rate the lessee would have incurred to borrow, over a similar term, the funds necessary to purchase the leased asset. Assuming the rate to be 10%, the present value of payments 2 through 10 is \$57,590. The present value of the 10 payments is therefore, \$67,590, (\$10,000 + \$57,590). GAAP standards require a governmental fund (including a capital projects fund) to record the following entry at the inception of the capital lease for the present value of the down payment and remaining nine payments:

#1

General Ledger			
<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	67,590	
965	Other Financing Sources		67,590

OR

Amortization Method

The following rules apply to accounting for capital leases in the governmental funds:

1. At the inception of the lease, record the capital lease in the fund acquiring the asset as a debit to GL 530 Expenditures for the amount of the entire principal that is due. The credit is to GL 965 Other Financing Sources (Revenue 9500).
2. As lease payments are made, record the payments in the fund acquiring the asset as a debit to Activity 84 Debt Service—Principal and Activity 83 Debt Service—Interest.

As an example of accounting for a capital lease, assume that a photocopier machine used in the accounting department is leased for a 5 year period, which is the economic life of the equipment. The lease is signed on June 30, 2006, and beginning on this date, five annual payments of \$50,000 will be made.

The lease agreement contains the following amortization schedule, which shows the breakdown of the annual payments into the principal and interest components.

Amortization Schedule:

Date	Lease Payments	Interest Expenditures @10%	Principal Expenditure	Amount of Long-Term Debt
6/30/06				\$ 208,493
6/30/06	\$ 50,000		\$ 50,000	158,493
6/30/07	50,000	\$ 15,849	34,151	124,342
6/30/08	50,000	12,434	37,566	86,776
6/30/09	50,000	8,678	41,322	45,454
6/30/10	50,000	4,546	45,454	0
	\$ 250,000	\$ 41,507	\$208,493	

This amortization schedule was provided in the lease agreement. To compute this schedule, subtract the amount of principal paid each year from the total principal due at the beginning of the lease.

This amortization schedule is necessary to make the entries that are needed to record the capital lease.

The entries for the photocopy machine would be recorded as follows:

General Fund

#1

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	208,493	
965	Other Financing Sources—Capital leases		208,493

To record the acquisition of equipment with a capital lease.

#1a

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures—Debt Service—Principal	50,000	
241	Warrants Payable		50,000

To record the first lease payment.

#2

General Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures—Debt Service—Principal	34,151	
530	Expenditures—Debt Service—Interest	15,849	
241	Warrants Payable		50,000

To record the second lease payment.

SHORT-TERM OBLIGATION JOURNAL ENTRIES

The following example journal entries are typically used to account for short-term borrowings, such as RANS, TRANS, and BANS, see Chapter 3, Section 8 for more information:

#1

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
240	Cash on Deposit with County Treasurer	100,000	
606	Revenue Anticipation Notes Payable		100,000

To record loan from the bank on a RAN.

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures (Interest)	3,000	
606	Revenue Anticipation Notes Payable	100,000	
241	Warrants Outstanding		103,000

To record maturation of the RAN, including \$3,000 interest.

Conditional Sales Contracts or Long-Term Nonvoted Notes

#1

General Fund, Capital Projects Fund, or Transportation Vehicle Fund

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures	70,000	
241	Warrants Outstanding		10,000
965	Other Financing Sources		60,000

To record acquisition of a capital asset using a conditional sales contract or a long-term nonvoted note. The full purchase price of \$70,000 for the item acquired is recorded as a capital outlay expenditure. The credit to Warrants Outstanding of \$10,000 represents the down payment amount. The \$60,000 credit to Other Financing Sources is recorded to Account 9500.

#1a

Collateral entry to journal entry #3 to be made in the Long-Term Debt Holding Account.

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
480	Amount to be Provided for Debt Service	60,000	
603	Notes and Contracts Payable—Long-Term		60,000

To record the long-term payable.

Debt Maturity

When the debt matures, the following journal entry is made in the Long-Term Debt Holding Account.

#2

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
603	Notes and Contracts Payable—Long-Term	60,000	
480	Amount to be Provided for Debt Service		60,000

To record the reduction in the long-term payable.

#2a

Collateral entry to the fund servicing the debt.

General
Ledger

<u>Account</u>	<u>Account Title and Description</u>	<u>Debit</u>	<u>Credit</u>
530	Expenditures (Principal)	60,000	
602	Notes and Contract Payable—Current		60,000

To record the maturation of debt in the fund which received the debt proceeds.

Bond Issue Example

Closing Memorandum

Re: Sutherland School District No.123
Sutherland County, Washington
\$9,500,000 Unlimited Tax General Obligation Bonds, 20XX
Dated Date: May 15, 20XX

From: Joan Jett, Public Finance Sr. Associate
Sutherland Securities Corporation

Date: May 17, 20XX

Closing

Closing will occur at 9:00 a.m., Wednesday, May 25, via conference call initiated by Grapes, Oranges, and Apples PLLC.

Funds

Sutherland Securities Corporation will initiate the following transactions:

Transaction #1

Amount: \$9,634,601.93 (Federal Funds)
To: Bank of Sutherland
ABA Number: 123456789
Account Number: 55512121
Reference: Sutherland School District No. 123, UTGO Bonds, 20XX
Attention: John Doe, (xxx) 555-7891

Transaction #2

Amount: \$17,812.20 (Federal Funds)
To: The Bank of New York
ABA Number: 987654321
Account Number: 12121555
Reference: Sutherland School District No. 123, UTGO Bonds, 20XX
Attention: Carmen Miranda, (xxx) 555-5893

Transaction #3

Amount: \$23,750.00 (Federal Funds)
To: Peoples Bank
ABA Number: 456789123
Account Number: 21219981
Reference: Sutherland School District No. 123, UTGO Bonds, 20XX
Attention: Jack Blank, (xxx) 555-7734

The following is a summary of the sources of funds for the 20XX Bonds and how those funds will be applied by the county, the financial advisor, and the insurer:

Sources of Funds

Principal Amount	\$9,500,000.00	
Plus: Accrued Interest (May 15 – May 25)	11,009.38	
Plus: Original Issue Premium*	*212,654.75	9
Less: Original Bond Discount	<u><1,000.00></u>	8
Less: Underwriter’s Discount	<u><46,500.00></u>	5
Total Sources of Funds:	<u>\$ 9,676,164.13</u>	

Distribution of Funds

Sutherland County Treasurer’s Office

Capital Projects Fund Deposits	\$9,500,000.00	1
Cost of Issuance (Deposit to District Capital Projects Fund)	24,500.00	2
Additional Proceeds (Deposit to District Debt Service Fund)	99,092.55	3
Accrued Interest (Deposit to District Debt Service Fund)	<u>11,009.38</u>	4
Total to Sutherland County:	<u>9,634,601.93</u>	

ABC Financial Services

Financial Advisor Fee	<u>23,750.00</u>	6
-----------------------	------------------	----------

Financial Insurance Co.

Bond Insurance Premium	<u>17,812.20</u>	7
------------------------	------------------	----------

Total Funds Disbursed:	<u>\$9,676,164.13</u>	
-------------------------------	------------------------------	--

*Note: This amount is split: Capital Projects Fund (item 9A) = \$113,562.20; Debt Service Fund (item 9B) = \$99,092.55. See items 9A and 9B on the next page.

Bond Issue Journal Entry Example

Capital Projects Fund					
GL Account #	Title	Debit	Credit	Description	Item #
240	Cash on Deposit with County Treasurer	9,500,000.00		Par value of new bonds	1
240	Cash on Deposit with County Treasurer	24,500.00		Additional proceeds to cover bond issue costs	2
530	Expenditures	46,500.00		Underwriter's Discount**—Bond issue cost	5
530	Expenditures	23,750.00		Fee - Bond issue cost	6
530	Expenditures	17,812.20		Insurance premium—Bond issue cost	7
535	Other Financing Uses (Actual)	1,000.00		Original Bond Discount*	8
965	Other Financing Sources		9,500,000.00	Par value of new bonds—Proceeds from bonds	1
965	Other Financing Sources		113,562.20	Original issue premium—Proceeds from bonds	9A
		9,613,562.20	9,613,562.20		

Debt Service Fund					
GL Account #	Title	Debit	Credit	Description	Item #
240	Cash on Deposit with County Treasurer	99,092.55		Premium on Bond	9B
240	Cash on Deposit with County Treasurer	11,009.38		Accrued interest	4
965	Other Financing Sources		99,092.55	Original issue premium	9B
604	Accrued Interest Payable		11,009.38	Accrued interest	4
		110,101.93	110,101.93		

Note: G/L 604 should be closed when the first interest payment on new bonds is made.

* Original Bond Discount/Premium = the difference between stated and market rate.

**Underwriter's Discount = underwriter's fees or costs.

When debt is defeased, it is no longer reported as a liability on the face of the financial statements; only the new debt is reported as a liability. (GASBS 7, paragraph 3, as amended by GASBS 34, paragraph 6; GASBS 23, fn 1.)

Principal Amount or Par Value: This is the amount the bonds are worth. In a refunding, the principal amount is credited to General Ledger Account 965 Other Financing Sources and Revenue Account 9600 Sale of Refunding Bonds in the Debt Service Fund; this replaces the old debt. See item #1 in bond refunding example.

Original Issue Premium: As with a bond issue, sometimes bonds are sold for more than their “par value.” This is due to interest rates and fluctuations in the market. If the bond is offering an interest rate that is better than the going market rate, this will make the bonds more attractive to the purchaser who may be willing to pay more than the bonds par value due to the better rate of return they would get on their investment. This premium is recorded in the Debt Service Fund again as a credit to General Ledger Account 965 Other Financing Sources. See item #2 in bond refunding example.

Underwriter’s Discount (Fees): A portion of the proceeds may be withheld for underwriter’s fees (most commonly called underwriter discount), due in connection with the debt issuance. This should not be netted against the proceeds of the bonds. The discount resulting from the withholding should be recorded as an expenditure by debiting General Ledger Account 530 Expenditures in the Debt Service Fund. See item #3 in bond refunding example.

Additional Proceeds: Funds received in the Debt Service Fund as a result of the bonds being sold at a premium. This is cash received; therefore, is recorded as a debit to General Ledger Account 240 Cash on Deposit with County Treasurer in the Debt Service Fund. See item #4 in bond refunding example.

Escrow Amount: This is the total amount of the refunding which is deposited to the escrow account. This amount is debited to General Ledger Account 535 Other Financing Uses (Actual) in the Debt Service Fund. See Item #5 in bond refunding example.

Escrow Beginning Cash Deposit: Many banks require a small deposit to open the escrow account. This amount on the closing memorandum is recorded as a debit to General Ledger Account 535 Other Financing Uses (Actual) in the Debt Service Fund. See item #6 in bond refunding example.

Cost of Issuance: Fees or other costs associated with issuance of the bonds. This is an actual expenditure and should be recorded as such. The district will record a debit to General Ledger Account 530 Expenditures in the Debt Service Fund. See item #7 in bond refunding example.

Bond Insurance Premium: This is an expenditure that the bond insurance company will charge for their part in the bond issue. The district will record a debit to General Ledger Account 530 Expenditures in the Debt Service Fund. See item #8 in bond issue example.

Bond Refunding Example

Closing Memorandum

Re: Diamond Bar Public Schools (District No. 432)
Barstow County, Washington
\$3,780,000 Unlimited Tax General Obligation Bonds, 20XX
Dated Date: July 1, 20XX

From: J. Lazar, Public Finance Sr. Associate
Big Wheel Securities Corporation

Date: June 27, 20XX

Closing

Closing will occur at 9 a.m., Friday, July 1, via conference call initiated by Moreland, Nanini, and Gray LLP.

Funds

Happy Planet Securities Corporation will initiate the following transactions:

Transaction #1

Amount: \$3,413.20 (Federal Funds)
To: Bank of Barstow
ABA Number: 123456789
Account Number: 55512121
Reference: Diamond Bar Public Schools, UTGO Bonds, 20XX
Attention: P. Wexstun, (xxx) 555-7891

Transaction #2

Amount: \$3,846,267.17 (Federal Funds)
To: The State Line Bank
ABA Number: 987654321
Account Number: 12121555
Reference: Diamond Bar Public Schools, UTGO Bonds, 20X
Attention: Stanard Ridgeway, (xxx) 555-5893

Transaction #3

Amount: \$8,672.03 (Federal Funds)
To: Bank of the West
ABA Number: 456789123
Account Number: 21219981
Reference: Diamond Bar Public Schools, UTGO Bonds, 20XX
Attention: Rick King, (xxx) 555-7734

The following is a summary of the sources of funds for the 20XX Refunding Bonds and how those funds will be applied by the County, the Escrow Agent, and the Insurer:

Sources of Funds

Principal Amount	\$3,780,000.00	1
Plus: Original Issue Premium	103,035.80	2
Less: Underwriter's Discount	<24,683.40>	3
Total Sources of Funds:	<u>\$3,858,352.40</u>	

Distribution of Funds

Barstow County Treasurer's Office

Additional Proceeds (Deposit to District Debt Service Fund)	\$3,413.20	4
---	------------	---

Burt Charlie Escrow Agent

Deposit to Escrow Account by U.S. Government Securities	3,827,766.00	5
Escrow Beginning Cash Deposit	1.17	6
Cost of Issuance	<u>18,500.00</u>	7
Total to Escrow Agent:	<u>3,846,267.17</u>	

Financial Assurance Co.

Bond Insurance Premium	<u>8,672.03</u>	8
------------------------	-----------------	---

Total Funds Disbursed:	<u>\$3,858,352.40</u>	
-------------------------------	------------------------------	--

Bond Refunding Journal Entry Example

Debt Service Fund					
GL Account #	Title	Debit	Credit	Description	Item #
240	Cash on Deposit with County Treasurer			Premium on Bond	
240	Cash on Deposit with County Treasurer			Accrued interest	
240	Cash on Deposit with County Treasurer	3,413.20		Additional Funds	4
530	Expenditures	18,500.00		Bond issue cost	7
530	Expenditures	8,672.03		Insurance premium— Bond issue cost	8
530	Expenditures	24,683.40		Underwriters discount—Bond issue cost	3
535	Other Financing Uses (Actual)	3,827,766.00		Deposit to refunding escrow	5
535	Other Financing Uses (Actual)	1.17		Deposit to refunding escrow	6
965	Other Financing Sources		3,780,000.00	Par value of new bonds—Proceeds from bonds	1
965	Other Financing Sources		103,035.80	Original issue premium—Proceeds from bonds	2
604	Accrued Interest Payable			Accrued interest	
		3,883,035.80	3,883,035.80		

Note: G/L 604 should be closed when the first interest payment on the new bonds is made.