

## **CHAPTER 7 – General Journal Entries**

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## **INTRODUCTION**

The following pages have examples of the types of general journal entries common to school districts and may not be all-inclusive. Although district accounting records may contain more detail than presented here, these entries only display state required accounting segments. Refer to chapters 4, 5, and 6, for the state required account segments. Accounting software used by districts may generate some of these entries. Refer to the district's software manuals for guidance.

### **Overview of Basic Accounting Equations**

Basic double entry accounting provides that assets, deferred outflows of resources (DOR), and expenditure accounts normally carry debit balances (DR). Liabilities, deferred inflows of resources (DIR), fund balance equity, and revenues normally carry credit balances (CR). Balance sheet accounts consist of assets plus deferred outflows minus liabilities minus deferred inflows to equal fund balance. The statement of revenues, expenditures and changes in fund balance consists of revenues minus expenditures to equal the change in fund balance.

<b>Balance Sheet</b>									
Debit Balances				(=)	Credit Balances				
Assets		(+)	DOR	(-)	Liabilities		(-)	DIR	(=) Fund Balance
DR	CR		DR	CR	DR	CR		DR	CR
+	-		+	-	-	+		-	+

Statement of Revenues, Expenditures, and Changes in Fund Balance							
Revenues		(-)	Expenditures		(=)	Change in Fund Balance	
DR	CR		DR	CR		DR	CR
-	+		+	-		-	+

## **JOURNAL ENTRIES**

### **Opening Entries**

#### **Fiscal Year Opening Entry—All Funds Except Fiduciary Funds**

(Commonly software generated)

General Ledger Account	Account Title	Applicable Fund	Debit	Credit
200	Imprest Cash	GF, ASB, CPF	X	
230	Cash on Hand	ALL	X	
240	Cash on Deposit With County Treasurer	ALL	X	
250	Cash With Fiscal Agent	DSF	X	
310	Taxes Receivable	GF, DSF, CPF, TVF	X	
320	Due From Other Funds	ALL	X	
330	Due From Other Governmental Units	ALL	X	
340	Accounts Receivable	ALL	X	
350	Interfund Loans Receivable	GF, CPF	X	
360	Accrued Interest Receivable	ALL	X	
410	Inventory—Supplies and Materials	GF, ASB	X	
420	Inventory—Lunchroom	GF	X	
430	Prepaid Items	GF, ASB, CPF, TVF	X	
450	Investments	ALL	X	
455	Investments—Deferred Compensation	GF, CPF	X	
241	Warrants Outstanding	ALL		X
601	Accounts Payable	ALL		X
602	Contracts Payable—Current	GF, ASB, CPF, TVF		X
605	Accrued Salaries	GF, ASB, CPF		X
606	Anticipation Notes Payable	GF, DSF, CPF, TVF		X
610	Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
630	Due to Other Governmental Units	GF, ASB, CPF, TVF		X
635	Deferred Compensation Payable	GF, CPF		X
637	Estimated Unemployment Benefits Payable	GF		X
638	Estimated Other Employee Insurance Claims Payable	GF		X
639	Estimated Industrial Insurance Benefits Payable	GF		X

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General Ledger Account	Account Title	Applicable Fund	Debit	Credit
640	Due to Other funds	ALL		X
645	Interfund Loans Payable	GF, DSF, CPF, TVF		X
650	Deposit	GF, ASB, CPF		X
660	Unearned Revenue	ALL		X
675	Matured Bond Payable	DSF		X
685	Matured Bond Interest Payable	DSF		X
686	Arbitrage Rebate Payable	GF, DSF, CPF, TVF		X
750	Unavailable Revenue	ALL		X
760	Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF		X
810	Restricted for Other Items	GF, ASB, DSF, CPF, TVF		X
815	Restricted for Unequalized Deductible Revenue	GF (cash basis only)		X
819	Restricted for Fund Purposes	TVF, ASB		X
820	Assigned to Encumbrances	GF, CPF, TVF, ASB		X
821	Restricted for Carryover of Restricted Revenues	GF		X
828	Restricted for Carryover of Food Service Revenue	GF		X
830	Restricted for Debt Service	GF, CPF, TVF		X
835	Restricted for Arbitrage Rebate	GF, DSF, CPF, TVF		X
840	Nonspendable Fund Balance—Inventory & Prepaid Items	GF, ASB		X
845	Restricted for Self-Insurance	GF		X
850	Restricted for Uninsured Risks	GF, ASB, CPF, TVF		X
861	Restricted From Bond Proceeds	CPF		X
862	Committed From Levy Proceeds	CPF		X
863	Restricted From State Proceeds	CPF		X
864	Restricted From Federal Proceeds	CPF		X
865	Restricted From Other Proceeds	CPF		X
866	Restricted From Impact Fee Proceeds	CPF		X
867	Restricted From Mitigation Fee Proceeds	CPF		X
869	Restricted From Undistributed Proceeds	CPF		X
870	Committed to Other Purposes	GF, DSF, CPF, TVF, ASB		X

General Ledger Account	Account Title	Applicable Fund	Debit	Credit
872	Committed to Economic Stabilization	GF		X
875	Assigned to Contingencies	GF		X
884	Assigned to Other Capital Projects	GF		X
888	Assigned to Other Purposes	GF		X
889	Assigned to Fund Purposes	DSF, CPF, TVF, ASB		X
890	Unassigned Fund Balance	GF		X
891	Unassigned to Minimum Fund Balance Policy	GF		X
To record the fiscal year opening balances. This represents the beginning trial balance.				

### **Fiscal Year Opening Entry—Budgetary Accounts—All Funds Except Fiduciary Funds**

(Commonly software generated)

General Ledger Account	Account Title	Applicable Fund	Debit	Credit
510	Estimated Revenues	ALL	X	
515	Estimated Other Financing Sources	ALL	X	
540	Appropriated Fund Balance	ALL	X	
535	Other Financing Uses (Budget and Actual)	ALL		X
900	Appropriations	ALL		X
To record the annual budget of the General Fund as adopted by the board of directors for the fiscal year 20XX.				

### **Fiscal Year Opening Entry—Fiduciary Funds**

**Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)**

(Commonly software generated)

General Ledger Account	Account Title	Fiduciary Fund	Debit	Credit
200	Imprest Cash	ALL	X	
230	Cash on Hand	ALL	X	
240	Cash on Deposit With County Treasurer	ALL	X	
320	Due From Other Funds	ALL	X	
General Ledger	Account Title	Fiduciary Fund	Debit	Credit



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Account				
330	Due From Other Governmental Units	PF	X	
340	Accounts Receivable	PF, PPTF, PTF	X	
360	Accrued Interest Receivable	ALL	X	
430	Prepaid Items	PF	X	
450	Investments	PF, PPTF, PTF	X	
451	Investments—Cash With Trustee	PF, PPTF, PTF	X	
460	Other Assets	PPTF	X	
490	Capital Assets—Land	PPTF	X	
491	Capital Assets—Buildings	PPTF	X	
493	Capital Assets—Equipment	PPTF, PTF, CF	X	
241	Warrants Outstanding	ALL		X
498	Accumulated Depreciation—Building	PPTF		X
499	Accumulated Depreciation—Equipment	PPTF, PTF, CF		X
601	Accounts Payable	ALL		X
602	Contracts Payable—Current	PF		X
630	Due to Other Governmental Units	PF		X
640	Due to Other funds	ALL		X
660	Unearned Revenue	PF		X
750	Unavailable Revenue	PF		X
810	Restricted for Other Items	PF		X
854	Restricted for Intact Trust Principal	PPTF, PTF		X
855	Nonspendable Fund Balance—Trust Principal	PF		X
856	Restricted for Pension or Other Post-Employment Benefits	PTF		X
857	Restricted for Private Purposes	PPTF		X
858	Restricted for Other Purposes	PPTF, PTF		X
870	Committed to Other Purposes	PF		X
889	Assigned to Fund Purposes	PF		X
To record the fiscal year opening balances. This represents the beginning trial balance.				

## Periodic Entries

These entries are commonly made on a regular basis, based on the needs of the district.

### Local Receipts

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
960	Yes	Revenues	ALL		X
965	Yes	Other Financing Sources	ALL		X
To record monies received directly by the district.					

### NSF Check

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures (Bad Check or Bank Fees)	ALL	X	
960 or 965	Yes	Revenues or Other Financing Sources	ALL	X	
230		Cash on Hand	ALL		X
To record an NSF check returned to the district. This is a reversal of the original local receipt. Any bank fees or charges would be expended through GL 530.					

### Warrant Cancellation and Unclaimed Property

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
241		Warrants Outstanding		X	
530	Yes	Expenditure (reduction of original account)			X
To record the cancellation of a warrant, crediting the original expenditure account. The district remains liable to pay unclaimed property to the person or entity subsequently establishing ownership.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
241		Warrants Outstanding		X	
601		Accounts Payable			X
To record the cancellation of a warrant and to recognize a liability for unclaimed property. G/L 601 clears when unclaimed property is remitted.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Local Revenue (reduction of original posting account).		X	
660		Unearned Revenue			X
To reverse the recognition of revenue and move unclaimed property to the Unearned Revenue Account before remitting to the DOR.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
660		Unearned Revenue		X	
601		Accounts Payable			X
To reverse unused or unearned monies deposited in a student account and the property is unclaimed. Recognize a liability to the Department of Revenue for unclaimed property. G/L 601 clears when unclaimed property is remitted to DOR.					

### County Treasurer Monthly Entry (From County Treasurer Report F-197)

District records must be reconciled to the amounts reported on the County Treasurer Report F-197. For further detail regarding debt issuance, refer to the Bond Issue and Bond Refunding section in this chapter. Refer to the F-197 section of the ABFR for line item definitions and additional guidance.

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		01	Cash on Deposit With County Treasurer	ALL	X	
230		01	Cash on Hand	ALL		X
To record school district deposits receipted in.						

240		03	Cash on Deposit With County Treasurer	ALL	X	
450		03	Investments	ALL		X
To record investments sold.						

240		52	Cash on Deposit With County Treasurer	GF, CPF, DSF, TVF	X	
645		52	Interfund Loans Payable	GF, CPF, DSF, TVF		X
To record interfund loan proceeds.						

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		49	Cash on Deposit With County Treasurer	GF, CPF	X	
350		49	Interfund Loans Receivable	GF, CPF		X
To record repayment of interfund loan principal.						

240		15	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF	X	
965	Yes	15	Other Financing Sources	GF, DSF, CPF, TVF		X
To record proceeds from Revenue Anticipation Notes issued.						

240		Various	Cash on Deposit With County Treasurer	ALL	X	
960	Yes	Various	Revenues	ALL		X
965	Yes	Various	Other Financing Sources	ALL		X
To record Schedule A cash increases, except for state apportionment. See ABFR Chapter F-197 for Schedule A item numbers.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		19	Cash on Deposit With County Treasurer	ALL	X	
240		19	Cash on Deposit with County Treasurer	ALL	X	
Various		19	Other Cash Increases	ALL		X
To record other cash increases. The Credit GL depends on the identification of the cash increase.						

241		05	Warrants Outstanding	ALL	X	
240		05	Cash on Deposit with County Treasurer	ALL		X
To record warrants redeemed.						

Various		12	Warrants Issued by district	ALL	X	
241		12	Warrants Outstanding	ALL		X
To record warrants issued. Commonly software generated at the time of issue.						

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	06	Expenditures	GF, DSF, CPF, TVF	X	
240		06	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X
To record warrant interest paid.						

450		07	Investments	ALL	X	
240		07	Cash on Deposit With County Treasurer	ALL		X

To record investments purchased.

350		13	Interfund Loans Receivable	GF, CPF	X	
240		13	Cash on Deposit With County Treasurer	GF, CPF		X

To record an interfund loan.

530	Yes	09	Expenditures (Interest)	GF, DSF, CPF, TVF	X	
645		08	Interfund Loans Payable (Principal)	GF, DSF, CPF, TVF	X	
240		08 + 09	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X

To record an interfund loan principal and interest paid.

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	17	Expenditures	GF, DSF, CPF, TVF	X	
535	Yes	16	Other Financing Uses	GF, DSF, CPF, TVF	X	
240		16 + 17	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X

To record Revenue Anticipation Notes redeemed and interest paid.

536		10	Other Financing Uses--Transfers Out	GF, DSF, CPF, TVF	X	
240		10	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X

To record transfers to another fund.

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
Various		11	Other Cash Decreases	ALL	X	
240		11	Cash on Deposit With County Treasurer	ALL		X
To record other cash decreases. The Debit GL depends on the identification of the cash decrease.						

241		14	Warrants Outstanding	ALL	X	
530	Yes	14	Expenditures	ALL		X
To record warrants cancelled. This is a reversal of the original warrant issued.						

240		50	Cash on Deposit With County Treasurer	DSF	X	
960 or 965	Yes	50	Revenues or Other Financing Sources	DSF		X
To record accrued interest and premium on bond sales.						

240		77	Cash on Deposit With County Treasurer	DSF	X	
250		77	Cash With Fiscal Agent	DSF		X
To record monies remitted to county treasurer by fiscal agent.						

530	Yes	58, 65, 71, 72	Expenditures	DSF	X	
240		58, 65, 71, 72	Cash on Deposit With County Treasurer	DSF		X
To record voted and non-voted bond principal and interest paid by county treasurer.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	98	Expenditures	DSF	X	
240		98	Cash on Deposit With County Treasurer	DSF		X
To record bond transfer fees.						

250		73	Cash With Fiscal Agent	DSF	X	
240		73	Cash on Deposit With County Treasurer	DSF		X
To record monies remitted to fiscal agent by county treasurer.						

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	56, 63, 79, 90	Expenditures	DSF	X	
675		56, 90	Matured Bonds Payable	DSF		X
685		63, 79	Matured Interest Payable	DSF		X
To record matured voted and non-voted bond principal and interest.						

675		57, 75	Matured Bonds Payable	DSF	X	
685		64, 76	Matured Interest Payable	DSF	X	
250		57, 64, 75, 76	Cash With Fiscal Agent	DSF		X
To record voted and non-voted bond principal and interest paid by fiscal agent.						

530	Yes	18	Expenditures	CPF	X	
240		18	Cash on Deposit With County Treasurer	CPF		X
To record bond issuance expenditures.						

### State Apportionment Monthly Entry

(From OSPI Report 1197)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF, CPF, TVF	X	
960	3XXX	State Revenue—General Purpose	GF		X
960	4XXX	State Revenue—Special Purpose	GF, CPF, TVF		X
960	5XXX	Federal Revenue—General Purpose	GF		X
960	6XXX	Federal Revenue—Special Purpose	GF		X
To record monthly apportionment received directly by county treasurer.					

Note: In all funds, except for the Associated Student Body Fund and the fiduciary funds, these categories are further divided into specific revenue or other financing source accounts. The subsidiary revenue or other financing source

account numbers, titles, and descriptions are uniform for all applicable Funds; however, not all accounts are used in each fund.

### Taxes Levied, Received, and Adjusted

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
310		Taxes Receivable	GF, DSF, CPF, TVF	X	
760		Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF		X
To record property taxes levied and increased taxes.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
760		Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF	X	
310		Taxes Receivable	GF, DSF, CPF, TVF		X
To record a reduction in the property tax receivable as a result of tax collections.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF	X	
960		Revenues	GF, DSF, CPF, TVF		X
To record the reduction in taxes receivable as a result of property tax collections and adjustments.					

### Accounts Payable—Encumbrances—Accrual Districts Only

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF	X	
820		Assigned to Encumbrances	GF, ASB, CPF		X
To record the commitment to purchase at the time the order is placed.					



General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Assigned to Encumbrances	GF, ASB, CPF, TVF	X	
520		Encumbrances	GF, ASB, CPF, TVF		X
530	Yes	Expenditures	ALL	X	
601		Accounts Payable	ALL		X
To record approved invoices as accounts payable and relieve the encumbrance.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
601		Accounts Payable	ALL	X	
241		Warrants Outstanding	ALL		X
To record the payment of approved accounts payable invoices.					

### Accounts Receivable—Accrual Districts Only

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
340		Accounts Receivable	ALL	X	
960	Yes	Revenues	ALL		X
To record accounts receivable.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
340		Accounts Receivable	ALL		X
To record the receipt of a receivable.					

### Budget Modifications

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
510		Estimated Revenues	ALL	X	
900		Appropriations	ALL		X
To record a budget extension due to unanticipated revenues and increase existing appropriations.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
515		Estimated Other Financing Sources	ALL	X	
540		Appropriated Fund Balance	ALL		X
535		Other Financing Uses (Budget and Actual)	ALL		X
To record a budget extension due to unanticipated other financing sources and to increase estimated other financing uses.					

**Payroll**

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
605		Accrued Salaries	GF, ASB, CPF		X
610		Accrued Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
To record payroll.					

Note: If the district uses a separate account for payroll, a separate journal entry will be needed to move the amount of net payroll into that account.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
605		Accrued Salaries	GF, ASB, CPF	X	
610		Accrued Payroll Deductions and Taxes Payable	GF, ASB, CPF	X	
241		Warrants Outstanding	ALL		X
To record payment of payroll via warrants.					

**Refund of Expenditure**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
530	Yes	Expenditures	ALL		X
To record the receipt of an expenditure refund.					

**Refund of Revenue**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Revenues	ALL	X	
241		Warrants Outstanding	ALL		X
To record revenues subsequently refunded to payee through accounts payable.					

**Sale of Equipment**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL Except DSF	X	
965	Yes	Other Financing Sources	ALL Except DSF		X
To record the sale of equipment by the district per RCW 28A.335.180.					

**Debit–Credit Transfers**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	PP-AA-0	Expenditures—Debit Transfers	GF	X	
530	PP-AA-1	Expenditures—Credit Transfers	GF		X
The transfer objects of expenditure enable a district to transfer certain direct charges to the program and activity using the resources. The transfer objects consist of both debit objects of expenditure (Object 0) and credit objects of expenditure (Object 1). See Chapter 6 for more information.					

**Inventory—Perpetual Method**Receipt of Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB	X	
420		Inventory—Lunchrooms	GF	X	
601		Accounts Payable	GF, ASB		X
To record the receipt of inventory items.					

Accounts Payable for Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
601		Accounts Payable	GF, ASB, CPF, TVF	X	
241		Warrants Outstanding	GF, ASB, CPF, TVF		X
To record the payment of accounts payable established upon receipt of inventory items.					

Reduction in Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
410		Inventory—Supplies and Materials	GF, ASB		X
420		Inventory—Lunchrooms	GF		X
To record the reduction in inventory for supplies and material or food withdrawn from stock or an inventory reduction when a physical inventory reveals that the book figure exceeds the actual stock.					

**Inventory—Periodic Method**Expenditure of Periodic Method Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
410		Inventory—Supplies and Materials	GF, ASB, CPF, TVF		X
420		Inventory—Lunchrooms	GF		X
To record expenditures of inventory items at the beginning of the year. It is assumed that inventory items are used before any new purchases (FIFO method).					

Periodic Method Receipt of Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
601		Accounts Payable	GF, ASB, CPF, TVF		X
To record the receipt of inventory items and their immediate expenditure.					

Periodic Method to Establish Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB, CPF, TVF	X	
420		Inventory—Lunchrooms	GF	X	
530	Yes	Expenditures	GF, ASB, CPF, TVF		X
To record the establishment of inventory accounts based on a periodic physical count of items. Inventory should be consistently valued by using the first-in, first-out (FIFO), or other generally accepted method of accounting for inventory.					

## Interfund Activity Entries

There are two varieties of interfund activities: interfund loans, and interfund transfers. Interfund loans are of short duration, and must be repaid within a year. Interfund transfers are of a permanent nature, and require board and budgetary approval. For more information about interfund activities, review the section in Chapter 3.

### Interfund Loan Entries

Interfund loan entries are also noted in the County Treasurer Monthly Entries. They are repeated here to show the entries according to borrowing and lending funds. Interfund loans are short term obligations and cannot extend beyond one calendar year.

#### Borrowing Fund

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		52	Cash on Deposit With County Treasurer	GF, CPF, DSF, TVF	X	
645		52	Interfund Loans Payable	GF, CPF, DSF, TVF		X
To record interfund loan proceeds.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	09	Expenditures (Interest)	GF, DSF, CPF, TVF	X	
645		08	Interfund Loans Payable (Principal)	GF, DSF, CPF, TVF	X	
240		08 + 09	Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X
To record an interfund loan principal and interest paid.						

Lending Fund

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
350		13	Interfund Loans Receivable	GF, CPF	X	
240		13	Cash on Deposit With County Treasurer	GF, CPF		X
To record an interfund loan.						
General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		49	Cash on Deposit With County Treasurer	GF, CPF	X	
350		49	Interfund Loans Receivable	GF, CPF		X
960	Yes 2400	41	Interfund Loan Interest Earnings	GF, CPF		X
To record repayment of interfund loan principal and interest paid.						

**Interfund Transfer Entries**Sending Fund

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
536		Other Financing Uses—Transfers Out	GF, CPF, TVF	X	
640		Due To Other Funds	GF, CPF, TVF		X
To record the amount to be paid in an interfund transfer.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
640		Due To Other Funds	GF, CPF, TVF	X	
240		Cash on Deposit With County Treasurer	GF, CPF, TVF		X
To record the actual transfer of funds out of the sending fund.					

Receiving Fund

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
320		Due From Other Funds	GF, DSF, CPF, TVF	X	
965	9900 or 9901	Other Financing Sources	GF, DSF, CPF, TVF		X
To record the interfund receivable. The applicable revenue account 9900 or 9901 is used.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF	X	
320		Due From Other Funds	GF, DSF, CPF, TVF		X
To record the actual transfer of funds into the receiving fund.					

**Capital Projects Technology and Maintenance Transfers**

The following journal entries are for districts that use Capital Projects Funds in the manners described in RCW 28A.320.330(2)(f)(ii) and (g). For additional guidance, see Chapter 10 – Capital Projects Fund Accounting. This is a specific example of an allowable interfund transfer.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
241	Yes	Warrants Outstanding	GF		X
To record the initial expenditures in the General Fund. (Entry #1)					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
320	No	Due From Other Funds	GF	X	
965	9901	Other Financing Sources (Transfers)	GF		X
To record the interfund receivable from the Capital Projects Fund for the above work. (Entry #2a)					



General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
536	Yes	Other Financing Uses—Transfers Out	CPF	X	
640		Due To Other Funds	CPF		X
To record the interfund payable to the General Fund for the above work. (Entry #2b)					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF	X	
320		Due From Other Funds	GF		X
To record the liquidation of the interfund transfer. (Entry #3a)					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
640		Due To Other Funds	CPF	X	
240		Cash on Deposit With County Treasurer	CPF		X
To record the liquidation of the interfund transfer. (Entry #3b)					

## COBRA Benefits

### COBRA Benefit Payment Receipt

COBRA payments are not part of a school district's operating revenues or expenditures as the district is holding the funds from the employee (or former employee) to transmit to the insurance company.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	GF	X	
610		Payroll and Liability Payable	GF		X
960	Yes	Revenues	GF		X
To record the payment of COBRA medical, dental and other benefits by a former employee or eligible family member. Revenues represent collection of administrative fees.					

When COBRA payments are made by current employees through payroll, the employee's warrant is reduced and the offsetting Credit to GL 610, Payroll and Benefits Payable, is created.

**COBRA Benefit Vendor Payment**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
610		Payroll and Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
To record the payment to the medical providers of COBRA benefits.					

**Time and Effort Adjustments**

OMB Circular A-87 required that any employee compensation charged to federal grants must be supported by documentation identifying the employee's actual activity based upon the cost objectives on which an employee worked.

As noted in Chapter 3 on page 3-4, OMB A-87 has been superseded by 2 CFR § 200.430 and the requirements are not changing at this time. Employee salaries and wages may be assigned to federal grants before the services are performed on the basis of budget or other estimated distribution percentages. When estimates are used, districts must compare actual costs based on time and effort reporting. This reconciliation must occur at least quarterly and be documented. If the comparison shows that the difference between costs based on actual time reported and payroll expenditures based on estimated time resulted in overcharging the federal program and is ten percent or greater, the district must do two things. First, it must adjust the accounting records to reflect costs of the reported actual time. Second, in order to minimize future differences, the estimated distributions used to charge payroll for the following quarter must be changed to reflect the reported actual distributions of the previous quarter(s). If the comparison shows the difference to be less than ten percent, the district is not required to adjust payroll expenditures until the end of the year.

At the end of the fiscal year, any differences that resulted in the federal program being overcharged ***must be adjusted*** so the final accounting records reflect costs of the actual time worked and reported by staff for each federal cost objective for the year. This year-end adjustment must be done even if quarterly differences between estimated and actual time never exceed ten percent. Individual employee variances may be aggregated for each federal award, and the accounting records adjusted by the net change.

The following examples display the calculation for first and second quarter time and effort.

1st Quarter	Amount paid to date (budgeted)	Budgeted Percentage	Actual as worked to date (Per Time and Effort)	Actual Percentage	Difference at Object Level
01-21-2	10,830.27		11,263.48		-433.21
01-21-4	3,678.42		3,825.56		-147.14
Total 01	14,508.69	50%	15,089.04	52%	-580.35
51-21-2	10,830.27		10,397.06		433.21
51-21-4	3,678.42		3,531.28		147.14
Total 51	14,508.69	50%	13,928.34	48%	580.35
Totals	29,017.38		29,017.38		0.00

In the first quarter example, no adjustment is required since the amount Title I was overcharged is less than 10 percent of the cost.

2nd Quarter	Amount paid to date (budgeted)	Budgeted Percentage	Actual as worked to date (Per Time and Effort)	Actual Percentage	Difference at Object Level
01-21-2	21,660.54		24,259.80		-2,599.26
01-21-4	7,356.84		8,239.66		-882.82
Total 01	29,017.38	50%	32,499.47	56%	-3,482.09
51-21-2	21,660.54		19,061.28		2,599.26
51-21-4	7,356.84		6,474.02		882.82
Total 51	29,017.38	50%	25,535.29	44%	3,482.09
Totals	58,034.76		58,034.76		0.00

In the second quarter example, a cumulative adjustment is required since Title I was overcharged by greater than 10 percent of the program budgeted or charged.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	01-21-2	Basic Education, Supervision, Certificated Salary	GF	2,599.26	
530	01-21-4	Basic Education, Supervision, Employee Benefits & Taxes	GF	882.82	
530	51-21-2	Title I, Supervision, Certificated Salary	GF		2,599.26
530	51-21-4	Title I, Supervision, Benefits & Taxes	GF		882.82
To record cumulative time and effort adjustment for first and second quarter.					

**Self-Insured Industrial Insurance**

(This is for self-insured districts who are not participating in an industrial insurance pool.)

**Security Deposit Required by L&I for a Deposit Held in Trust**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
459		Self-Insurance Security Deposits	GF	X	
240		Cash on Deposit With County Treasurer	GF		X
To record the security deposit required by the Department of Labor and Industries for a deposit held in trust by the county treasurer. GL 241 may be appropriate if the deposit is held in trust by other than the county treasurer.					

**Expenditure for Industrial Insurance Benefits and the Liability Claims**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
639		Estimated Industrial Insurance Benefits Payable	GF		X
To record the expenditure for industrial insurance benefits and the liability claims. This is a payroll entry.					

**Benefit Claims, Administrative Assessments, and Reinsurance Premiums**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
639		Estimated Industrial Insurance Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
To record the payment of benefit claims, administrative assessments, and reinsurance premiums for industrial insurance.					

**Payments for Industrial Insurance Benefit Related Expenditures**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
601		Accounts Payable	GF		X
To record the supplemental pension, consulting firm service fees, surety bond premiums, legal and other related expenditures involved with industrial insurance benefits.					

**Self-Insured Unemployment Compensation**

(This is for self-insured districts who are not participating in an unemployment insurance pool.)

**Expenditure of Unemployment Benefits During Payroll**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
637		Estimated Unemployment Benefits Payable	GF		X
To record the expenditure of unemployment benefits during payroll processing. The liability is for estimated future claims against current wages.					

**Unemployment Benefits and Administrative Assessment to Employment Security**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
637		Estimated Unemployment Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
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.					

## Compensated Absence Pools

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
451		Investments—Cash With Trustee	GF	X	
241		Warrants Outstanding	GF		X
To record the periodic deposit into the compensated absence pool via warrant.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
241		Warrants Outstanding	GF		X
To record the cash-out of leave of an eligible employee upon termination or the buy-back of partial leave of an employee during the annual eligibility period. The appropriate sub-coding for the correct program–activity–object for the employee or former employee should be used.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF	X	
451		Investment—Cash With Trustee	GF		X
To record the reimbursement of the district from the pool for eligible compensated absence expenditures.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	
888		Assigned to Other Purposes	GF		X
To record the assignment of fund balance for any amounts contributed to the pool in excess of reimbursements from the pool. If the district receives reimbursements in excess of the amount contributed, this entry is reversed.					

## Deferred Compensation

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
455		Investments—Deferred Compensation	GF, CPF, PTF	X	
635		Deferred Compensation Payable	GF, CPF, PTF		X
To record the investment and related liability for deferred compensation. Cash for investments is obtained by warrants written along with the payroll. Amounts are expended with payroll.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
635		Deferred Compensation Payable	GF, CPF, PTF	X	
241		Warrants Outstanding	GF, CPF, PTF		X
610	Yes	Payroll Deduction and Taxes Payable	GF, CPF, PTF		X
To record the payment to an employee or former employee and the accrual of the federal tax deduction.					

## Contracts Payable

### Long-Term

#### Conditional Sales Contract

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	PP-AA-9	Expenditures	GF, CPF, TVF	X	
965	9500	Other Financing Sources	GF, CPF, TVF		X
To record the full purchase amount of the asset when it is acquired through a conditional sales contract. See Chapter 3 for additional information.					

Current Payment of Conditional Sales Contract

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	97-84-7	Expenditures—Principal	GF, CPF, TVF	X	
530	97-83-7	Expenditures—Interest	GF, CPF, TVF	X	
241		Warrants Outstanding	GF, CPF, TVF		X
To record the current payment of the contract. This entry is made in the same fund acquiring the equipment. The second or double expenditure is recorded as an expenditure for debt payment in Activity 84, Principal. Since the Capital Projects Fund does not have the name expenditure program format as do the other two funds, Expenditure Type 91, Debt Principal should be used.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
602		Contracts Payable—Current	GF, CPF, TVF	X	
241		Warrants Outstanding	GF, CPF, TVF		X
To record the payment of the current year portion of the long-term contract. This entry is made in the same fund acquiring the equipment.					

**Adjustments—Prior Fiscal Year—Immaterial Errors**

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

**Adjustments—Prior Fiscal Year—Material Errors**

Prior fiscal year adjustments are infrequent and must be **material**. The following entries are samples of some adjustments that might be necessary in certain unusual situations. Refer to the definition of materiality in Chapter 8 Financial Reporting.



**Refund of Expenditures Paid in a Prior Fiscal Year**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	ALL	X	
898		Prior Year Corrections or Restatements	ALL		X
To record the refund of expenditures paid in a prior fiscal year.					

**Refund of Prior Fiscal Year Tax Receipts**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Corrections or Restatements	GF, DSF, CPF, TVF	X	
240		Cash on Deposit With County Treasurer	GF, DSF, CPF, TVF		X
To record the refund of prior year tax receipts.					

**Correction of an Error in Recording the Prior Fiscal Year Physical Inventory**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB	X	
420		Inventory—Lunchrooms	GF	X	
898		Prior Year Corrections or Restatements	GF, ASB		X
To record the correction of an understatement of the prior fiscal year inventory. If the inventory had been overstated, the debits and credits would be reversed.					

**Correction of Prior Fiscal Year Accruals That Were Missed in Error**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Corrections or Restatements	All	X	
601		Accounts Payable	All		X
To record the correction of prior fiscal year expenditure accruals that were understated in error.					

**Adjustments—Prior Fiscal Year—Fund Entity Changes**

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

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Corrections or Restatements	GF, CPF	X	
630		Due to Other Governmental Units	GF, CPF		X
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 898 is closed to GL 890 Unassigned Fund Balance.					

**Adjustments—Optional Journal Entry Related to Prior Period Adjustments**

Optional entry when a Prior Period adjustment affects a specific Fund Balance Account. Districts should consider posting an offset from GL 890 or GL 889 to another equity account when applicable.

The example below would occur after a prior period restatement is posted for an increase to inventory in the General Fund.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF, CPF	X	
840		Nonspendable Fund Balance—Inventory and Prepaid Items	GF, CPF		X
To record the related increase in inventory as nonspendable fund balance. This journal entry allows the prior period adjustment to be reflected in a proper fund balance account.					

## Accruals

### Accounts Payable Accruals as of the End of the Fiscal Year

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	All	X	
601		Accounts Payable	All		X
To record accounts payable accruals as of the end of fiscal year. Expenditures are processed through the payables and expensed directly to the previous school fiscal year.					

### Payroll Accruals as of the End of the Fiscal Year

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
605		Accrued Salaries	GF, ASB, CPF		X
610		Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
To record payroll accruals as of the end of fiscal year.					

### Grant Accruals

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
330		Due From Other Governmental Units	ALL	X	
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
960	Yes	Revenue	ALL		X
To record grant accruals.					

**Accrued Interest**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	DSF	X	
604		Accrued Interest Payable	DSF		X
To record the cash received for accrued interest at the time of the bond sale.					

**Payment of Interest on Bonds Including Accrued Interest Payable**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	DSF	X	
604		Accrued Interest Payable	DSF	X	
240		Cash on Deposit With County Treasurer	DSF		X
To record the payment of interest on bonds including the accrued interest payable. See entry above.					

**Annual Entries****Commodities**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	98-42-5	Expenditures	GF	X	
960	6998	Revenues	GF		X
420		Inventory—Lunchroom	GF	X	X
The debit to GL 530 is the value of commodities used during the year. The credit to GL 960 is the value of the commodities received during the year. GL 420 account is either debit or credit to balance the entry and reflects the change in inventory. This entry assumes a periodic inventory system.					

**Deferred Inflows of Resources**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230 or 240		Cash on Hand or Cash on Deposit With County Treasurer	GF, ASB, DSF, CPF, TVF, PF	X	
750		Unavailable Revenue	GF, ASB, DSF, CPF, TVF, PF		X
To record revenue received but not available to pay for current liabilities.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
750		Unavailable Revenue	GF, ASB, DSF, CPF, TVF, PF		X
To recognize resources earned but not received and will not be available to pay for current liabilities.					

**Prepaid Items**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
430		Prepaid Items	GF, CPF, ASB	X	
601		Accounts Payable	GF, CPF, ASB		X
To record a payable incurred in the current fiscal year for a future fiscal year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
430		Prepaid Items	GF, ASB, CPF, TVF		X
To record the expenditures after September 1.					

**Revenue Receivables**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
320		Due From Other Funds	GF, ASB, DSF, CPF, TVF, PF	X	
330		Due From Other Governmental Units	GF, ASB, DSF, CPF, TVF, PF	X	
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
960	Yes	Revenues	GF, ASB, DSF, CPF, TVF, PF		X
To record revenue sources established as receivables and available.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230 or 240		Cash on Hand or Cash on Deposit With County Treasurer	GF, ASB, DSF, CPF, TVF, PF	X	
320		Due From Other Funds	GF, ASB, DSF, CPF, TVF, PF		X
330		Due From Other Governmental Units	GF, ASB, DSF, CPF, TVF, PF		X
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF		X
To record the collection of accounts receivable established in the entry above.					

## Closing Entries

### Closing Entries—All Funds (Except Fiduciary Funds)

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
535		Other Financing Uses (Budget and Actual)	ALL	X	
889		Assigned to Fund Purposes	DSF, CPF, TVF, ASB	X*	X*
890		Unassigned Fund Balance	GF	X*	X*
960	Yes	Revenues	ALL	X	
530	Yes	Expenditures	ALL		X
540		Appropriated Fund Balance	ALL		X
965	Yes	Other Financing Sources	ALL		X
898		Prior Year Corrections or Restatements	ALL	X*	X*
To record the fiscal year closing balances. (* Record as debit or credit as appropriate.)					

### Closing Entries—Budgetary Accounts

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Assigned to Encumbrances	ALL	X	
900		Appropriations	ALL	X	
510		Estimated Revenues	ALL		X
515		Estimated Other Financing Sources	ALL		X
520		Encumbrances	ALL		X
To record the closing of the budgetary accounts at the end of the fiscal year.					

### Closing Entries—Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	PF, PPTF, PTF	X	
530	Yes	Expenses	PF, PPTF, PTF		X
To record the closing of expenses at the end of the fiscal year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Revenues	PF, PPTF, PTF	X	
889		Assigned to Fund Purposes	PF, PPTF, PTF		X
To record the closing of revenues at the end of the fiscal year.					

889		Assigned to Fund Purposes	PF, PPTF, PTF	X	
538		Nonoperating Expenses	PF, PPTF, PTF		X
To record the closing of nonoperating expenses at the end of the fiscal year.					

968		Nonoperating Revenues	PF, PPTF, PTF	X	
889		Assigned to Fund Purposes	PF, PPTF, PTF		X
To record the closing of nonoperating revenues at the end of the fiscal year.					



**Closing Entries—Fiduciary Fund**

Fiduciary funds report assets “held in trust” for others. If accounting software closes PPFT or PTF to GL 889, additional entries are required. GL 889 is not applicable for Fund 7.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	PPTF, PTF	X	
854		Restricted for Intact Trust Principal	PPTF, PTF		X
856		Restricted for Pension or Other Post-Employment Benefits	PTF		X
857		Restricted for Private Purposes	PPTF		X
858		Restricted for Other Purposes	PPTF, PTF		X
To record Fiduciary Fund balances to the proper accounts and close out GL889.					

**Restrictions of Fund Balance**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	ALL (except GF)	X	
890		Unassigned Fund Balance	GF	X	
819		Restricted for Fund Purposes	TVF, ASB		X
821		Restricted for Carryover of Restricted Revenue	GF		X
828		Restricted for Carryover of Food Service Revenue	GF		X
830		Restricted for Debt Service	GF, CPF, TVF		X
835		Restricted for Arbitrage Rebate	GF, DSF, CPF, TVF		X
845		Restricted for Self-Insurance	GF		X
850		Restricted for Uninsured Risk	GF, ASB, CPF, TVF		X
861		Restricted From Bond Proceeds	CPF		X

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
862		Committed From Levy Proceeds	CPF		X
863		Restricted From State Proceeds	CPF		X
864		Restricted From Federal Proceeds	CPF		X
865		Restricted From Other Proceeds	CPF		X
866		Restricted From Impact Fee Proceeds	CPF		X
867		Restricted From Mitigation Fee Proceeds	CPF		X
869		Restricted From Undistributed Proceeds	CPF		X
To record the establishment of restrictions on fund balance. Restricted fund balance accounts consist of portions of fund balance that are either legally restricted to a specific future use or are not available for appropriation or expenditure. See Chapter 4 for additional information.					

### Restricted for Unequalized Deductible Revenue (Cash Basis Districts Only)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	
815		Restricted for Unequalized Deductible Revenue	GF		X
To set up a restriction for deductible revenue received that will be deducted from apportionment in the next fiscal year. This should be done at year-end.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
815		Restricted for Unequalized Deductible Revenue	GF	X	
890		Unassigned Fund Balance	GF		X
To reverse the restriction for deductible revenue when deducted from apportionment.					

**Accrual of Deductible Revenue Recovery (Accrual Basis Districts Only)**

<b>General Ledger Account</b>	<b>Subsidiary Ledger Required</b>	<b>Account Title</b>	<b>Applicable Fund</b>	<b>Debit</b>	<b>Credit</b>
960	3100	Revenues	GF	X	
630		Due to Other Governmental Units	GF		X
To record the liability for the recovery of state revenues in January of the following year.					

<b>General Ledger Account</b>	<b>Subsidiary Ledger Required</b>	<b>Account Title</b>	<b>Applicable Fund</b>	<b>Debit</b>	<b>Credit</b>
630		Due to Other Governmental Units	GF	X	
960	3100	Revenues	GF		X
To record the recovery of state revenues owed from the prior year (done in January). The recovery is treated as if the district received an advance on its apportionment payment in the prior year.					

**Commitment of Fund Balance**

<b>General Ledger Account</b>	<b>Subsidiary Ledger Required</b>	<b>Account Title</b>	<b>Applicable Fund</b>	<b>Debit</b>	<b>Credit</b>
889		Assigned to Fund Purposes	All (except GF)	X	
890		Unassigned Fund Balance	GF	X	
870		Committed to Other Purposes	All		X
872		Committed to Economic Stabilization	GF		X
To record the establishment of commitments of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect commitments made by the board of directors for future financial resource use. See Chapter 4 for additional information.					

**Assignment of Fund Balance**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	
875		Assigned to Contingencies	GF		X
884		Assigned to Other Capital Projects	GF		X
888		Assigned to Other Purposes	GF		X
To record the establishment of designation of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. See Chapter 4 for additional information.					

## **SHARED SERVICE ARRANGEMENTS JOURNAL ENTRIES**

**With Fiscal Agent Responsibilities**

See Chapter 3 Shared Service Arrangements, Fiscal Agent Accounting Treatment, for more information.

**Background for All Scenarios**

School Districts A, B, and C have agreed to participate in a shared service arrangement for a federal grant that requires one of the districts to be a fiscal agent. The three districts have signed an interlocal agreement, applied, and have been awarded the grant. The following four examples are intended to illustrate typical journal entries for each type of fiscal agent arrangement situation that may occur.

Note: Revenue codes for federal funds would be as follows:

- 61XX are for federal revenues that come to the district through OSPI.
- 62XX are for federal revenues that come to the district directly from a federal agency.
- 63XX are for federal revenues that come to the district indirectly through a non-federal agency, such as the fiscal agent.

Note that when the fiscal agent accounts for the funds in an agency fund, the sub-recipient of these funds would not code a 63XX, but a 62XX. See scenario 3.

**Scenario 1—Fiscal Agent as a Participating District**

School District A is administering the grant and has monitoring responsibilities for School Districts B and C. All school districts are benefiting from this grant; therefore, School District A is a *Participating Fiscal Agent*. After all three school districts have expended funds in accordance with the grant purposes, School Districts B and C have requested reimbursement from School District A of \$300 each. School District A has requested reimbursement from the federal agency of \$300 also, \$900 total. The journal entries are as follows:

School Districts A, B, and C—Accounted for in the General Fund

School districts A, B, and C expend \$300 each for grant purposes and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	300	
241		Warrants Outstanding		300
To recognize grant expenditures.				

When the fiscal agent, School District A, receives School Districts B's and C's claims for expenditure reimbursement, School District A makes the following journal entry in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	600	
601		Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts)		600
To record grant expenditures for School Districts B and C.				

Upon receipt of the grant proceeds, School District A makes the following journal entries in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	900	
960	Yes	Revenues		900
To record receipt of grant proceeds.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
601		Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts)	600	
241		Warrants Outstanding		600
To disburse grant proceeds to School Districts B and C.				

School Districts B and C receive grant proceeds from the fiscal agent, School District A, and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	300	
960	Yes	Revenue		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).)

School District A, the fiscal agent, gets claims for expenditure reimbursements from School Districts B and C, and makes the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	800	
601		Accounts Payable (Or GL 630 Due to Other Governmental Units for accrual districts)		800

Upon receipt of the grant proceeds, School District A makes the following journal entries:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	800	
960	Yes	Revenues		800
To record receipt of grant proceeds.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
601		Accounts Payable (630 Due to Other Governmental Units at year-end for accrual districts.)	800	
241		Warrants Outstanding		800
To disburse the grant proceeds to School Districts B and C.				

School Districts B and C receive the grant proceeds from School District A and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	400	
960	Yes	Revenues (Since this is a federal grant and it was received from School District A, this revenue should be coded to 63XX.)		400
To record receipt of grant proceeds.				

### **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 Custodial Fund (Fund 7).

School Districts B and C have expended fund according to the grant agreement and have requested reimbursement through School District A.

When School District A receives money from the grantor for School Districts B and C, the following entry is made in School District A's Custodial Fund (Fund 7):

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
968		Nonoperating Revenues	900	
538		Nonoperating Expenses		900
To record receipt of grant proceeds.				

School District A then disburses the funds to School Districts B and C. The following journal entry is made:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
538		Nonoperating Expenses	900	
968		Nonoperating Revenues		900
To record the disbursements of grant proceeds to School Districts B and C.				

School Districts B and C make the following journal entry in the General Fund when they receive the funds from the fiscal agent (School District A):

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	450	
960		Revenues (School District A was a cash conduit. This 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.

School District A purchases equipment for themselves as well as School Districts B and C. School District A makes the following entry in the General Fund:



General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	900	
241		Warrants Outstanding		900
To record the purchase of equipment.				

After purchasing the equipment, School District A requests reimbursement from the grantor. When the grant proceeds are received, the following journal entry is made:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	900	
960	Yes	Revenues		900
To record receipt of grant proceeds.				

School Districts B and C receive the equipment from School District A. The following journal entry is made in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	300	
960	Yes	Revenues		300
To reflect the equipment purchases by School District A with grant proceeds on behalf of School Districts B and C.				

## **JOURNAL ENTRIES FOR LEASES**

### **Lease Accounting for Cash Basis (F-196)**

For cash basis accounting, the accounting transactions are very similar to prior practice. In this illustrated example of accounting for a lease agreement, assume a cash-basis school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will report the total amount of the contractual liability as a capital outlay and an other financing source.

### **Lessee: Cash-Basis Accounting Entries**

The General Fund acquisition of equipment with a Lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 973X	Expenditures – Capital Outlay	60,000	
965	Yes	Other Financing Sources—Leases		60,000
To record the acquisition of equipment with a lease at the start of the lease term				

The initial payment on the lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 744X	Expenditures—Rental/Lease of XXX	1,000	
241		Warrants Outstanding		1,000
To record the first lease payment				

The remaining eleven monthly lease payments in year one

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 744X	Expenditures—Rental/Lease of XXX	11,000	
241		Warrants Outstanding		11,000
To record the monthly lease payments				

## Lessor: Cash-Basis Accounting Entries

Lease payments are recognized as revenue when received.

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
First Year Lease Payments Received				
240		Cash	1,000	
960	Yes	Lease Income		1,000
To recognize lease revenue when received.				

## Lease Accounting for Modified Accrual (F-196)

Accounting for Leases under modified accrual is different from cash basis accounting. Under modified accrual (F-196), the lessee is required to calculate the present value of the minimum lease payments as the liability under the lease agreement. Using the same scenario described above for cash-basis accounting, assume a school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain

equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will need to calculate the present value of the minimum lease payments. Assuming the discount rate on the lease is three percent, the present value of the lease is calculated: (Using the Present Value function tool in Excel, (.0025, 60, -1000,0,1), the present value of the minimum lease payments is \$55,791.

Summary Amortization Schedule for Lease				
Date	Lease Payments	Interest Expenditures @3 Percent	Principal Expenditure	Amount of Long-Term Debt
9/30/20				\$55,791
8/31/21	\$12,000	\$1,387	\$10,613	45,178
8/31/22	12,000	1,208	10,792	34,386
8/31/23	12,000	880	11,120	23,266
8/31/24	12,000	541	11,459	11,807
8/31/25	12,000	193	11,807	0
	\$60,000	\$4,209	\$55,791	

Calculations and journal entries below are based on the summary amortization table (actual lease payments are made monthly):

### Lessee: Modified Accrual Accounting Entries

The General Fund's acquisition of equipment with a lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 973X	Expenditures – Capital Outlay	55,791	
965	Yes	Other Financing Sources—Leases		55,791
To record the acquisition of equipment with a lease.				

The first payment on the lease on the date of delivery:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 7831	Expenditures—Debt Service—Principal	1,000	
241		Warrants Outstanding		1,000
To record the first lease payment. Initially recorded as a Liability.				

The remaining eleven monthly lease payments in year one

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 7831	Expenditures—Debt Service—Principal	9,613	
530	NCES 7835	Expenditures—Debt Service—Interest	1,387	
241		Warrants Outstanding		11,000
To record the monthly lease payments. Initially recorded as a liability.				

In modified accrual accounting, a liability is generally recognized before warrants are issued. General Ledger Account Code 620—Leases Payable would be used in these instances. After the liability is created, the district issues warrants, removing the liability.

## Lessor Accounting for Modified Accrual

Using the same values described in the lessee scenario, a school district that leases property to another organization recognizes a lease receivable and the deferred inflow on the present value of the minimum lease payments. The following example is for a 60 month lease, with payments of \$1,000 per month, at a discount rate of 3% (present value of total lease payments = \$55,791):

Summary Lessor Schedule with Deferred InFlow and Amortization						
Year	Total Payments	Receivable Reduction	Interest Income	Lease Receivable Balance	Lease Income	Deferred. InFlow Balance
				55,791		55,791
1	12,000	10,613	1,387	45,178	11,158	44,633
2	12,000	10,792	1,208	34,386	11,158	33,475
3	12,000	11,120	880	23,266	11,158	22,317
4	12,000	11,459	541	11,807	11,158	11,158
5	12,000	11,807	193	0	11,158	0
Total	60,000	55,791	4,209		55,791	

Calculations and journal entries below are based on summary amortization table (actual lease payments are made monthly):

## Lessor: Modified Accrual Accounting Entries

The initial recording of the lease as a lessor:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
345		Leases—Receivable	55,791	
755		Deferred Inflow—Leases		55,791
To recognize lease contract at the start of the lease term.				

The first year lease payments received:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
230		Cash	12,000	
345		Leases—Receivable		10,613
960	2450	Other Interest Income		1,387
To record lease payment, interest income, and reduce the lease receivable.				

The first year entry to reduce the Deferred Inflow and recognize Lease Income

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
755		Deferred Inflow—Leases	11,158	
960	Yes	Lease Income		11,158
To recognize lease income and adjust Deferred Inflows.				

## **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 for more information:

### **To Record Loan From Bank on a RAN**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit With County Treasurer	X	
606		Anticipation Notes Payable		X
To record loan from the bank on a RAN.				

**To Record Maturation of the RAN, With Interest**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures (Interest)	X	
606		Anticipation Notes Payable	X	
241		Warrants Outstanding		X
To record maturation of the RAN, including \$3,000 interest.				

**CONDITIONAL SALES CONTRACTS OR LONG-TERM NON-VOTED NOTES****Applicable Funds: GF, CPF, TVF**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	70,000	
241		Warrants Outstanding		10,000
965	Yes	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.				

**To Record the Long-Term Payable**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
480		Amount to be Provided for Debt Retirement	60,000	
603		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:

**To Record the Reduction in the Long-Term Payable**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
603		Contracts Payable—Long-Term	60,000	
480		Amount to be Provided for Debt Retirement		60,000
To record the reduction in the long-term payable.				

**To Record the Maturation of Debt in the Fund Which Received the Debt Proceeds**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	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.				

**CASH-IMPREST****Establishment of an Imprest Account**

Imprest accounts must be authorized by Board Resolution.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
200		Imprest Cash	GF, ASB, CPF	X	
241		Warrants Outstanding	GF, ASB, CPF		X
To record the establishment of an imprest account or to increase an existing account. (If the County Treasurer issues the check credit GL 240, Cash on Deposit with County Treasurer instead of GL 241, Warrants Outstanding.)					

## Replenishment of an Imprest Account

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
241		Warrants Outstanding	GF, ASB, CPF		X
To record the monthly replenishment of an imprest account by warrant.					

## Return of an Imprest Account

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF, ASB, CPF	X	
200		Imprest Cash	GF, ASB, CPF		X
To record the return of an imprest account when the account is abolished or reduced. (If the funds are deposited into a district depository account instead of directly to the County Treasurer use GL 230, Cash on Hand, instead of GL 240, Cash on Deposit with County Treasurer.)					

## **ENCUMBRANCES**

Encumbrances are the estimated amount of expenditures to ultimately result if unperformed contracts in process are completed.

### Encumbrances for Commitment to Purchase

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF	X	
820		Committed to Encumbrances	GF, ASB, CPF		X
To record the commitment for purchases at the time the order is placed. This is system generated when a purchase order is approved or a salary contract is committed.					



## Encumbrance Liquidation

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Committed to Encumbrances	GF, ASB, CPF, TVF	X	
520		Encumbrances	GF, ASB, CPF, TVF		X
To record encumbrance liquidation at the time the goods or services are received. This is commonly a system generated entry.					

## Reestablishment of Prior Fiscal Year Encumbrances

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF, TVF	X	
820		Committed to Encumbrances	GF, ASB, CPF, TVF		X
To record the reestablishment of encumbrances closed at the end of the Prior Fiscal Year, but that are still considered open. This entry is made at the beginning of the current fiscal year and is commonly system generated.					

# DONATIONS

## Donated Capital Assets

Example: The district sells a piece of capital equipment that was previously donated to the district for cash before August 31.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF	X	
965	9300	Other Financing Sources (Sale of Equipment)	GF		X
To record the sale of a donated capital asset for cash before the end of the year.					

**Donated Assets (not Capital Assets)**

(Voluntary Nonexchange Transactions)

Example: A private individual donated cash to a school district to be used at any time, and for any purposes deemed appropriate by the school district.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit With County Treasurer	GF	X	
960	2500	Gifts, Grants and Donations (Local)	GF		X
To record the receipt of donated cash.					

**Donated Services**

Example: An accountant from a private company donates personal time to work on setting up Medicaid Administrative Match billings.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
960	Yes	Revenues	GF		X
To record the donation of service time for specialized services if material in amount.					

## **ESSER ADJUSTING ENTRIES FOR MAJOR CAPITAL PURPOSES**

ESSER grant awards are administered by OSPI. The agency's EDS Grant Platform can only administer ESSER funds as General Fund resources. If a district utilizes a portion of their federal award for major capital improvements, the district must take care to navigate their ESSER transactions effectively to record expenditures and matching federal resources in the Capital Projects Fund.

For school districts in Washington state:

- Some capital expenditures may be expensed in the General Fund as Capital Outlay.
- Major capital projects, allowed in ESSER, must be expensed in the Capital Projects Fund. (Ref: RCW 28A.320.330 (1(a), 2).)

To help facilitate accounting transactions, the following revenue codes, are open and applicable for use in both the General Fund (GFS) and the Capital Projects Fund (CPF).

- 6176 Targeted Assistance—ESSER I      Applicable Fund: (GFS, CPF)
- 6276 Targeted Assistance—ESSER I      Applicable Fund: (GFS, CPF)
- 6376 Targeted Assistance—ESSER I      Applicable Fund: (GFS, CPF)
  
- 6111 Federal Special Purpose—GEER      Applicable Fund: (GFS, CPF)
- 6211 Federal Special Purpose—GEER      Applicable Fund: (GFS, CPF)
- 6311 Federal Special Purpose—GEER      Applicable Fund: (GFS, CPF)
  
- 6112 Federal Special Purpose—ESSER II      Applicable Fund: (GFS, CPF)
- 6212 Federal Special Purpose—ESSER II      Applicable Fund: (GFS, CPF)
- 6312 Federal Special Purpose—ESSER II      Applicable Fund: (GFS, CPF)
  
- 6113 Federal Special Purpose—ESSER III      Applicable Fund: (GFS, CPF)
- 6213 Federal Special Purpose—ESSER III      Applicable Fund: (GFS, CPF)
- 6313 Federal Special Purpose—ESSER III      Applicable Fund: (GFS, CPF)

In scenario #1, a school district has used its General Fund to record all of its ESSER II transactions. The grant claim is reimbursed by OSPI; OSPI School Apportionment can only use General Fund Revenue Code 6112. The total ESSER II grant claim is \$XX,X39 (not shown in the illustration.) However, included as General Fund expenditures are items identified as Capital Outlay (Object Code 9) in the amount of \$XX,X14 that should be recognized as expenditures in the Capital Projects Fund. The school district initially receives the \$XX,X39 grant reimbursement as Revenue 6112 in the General Fund. Now, the district needs to recognize ESSER II revenue and expenditures in the Capital Projects Fund (CPF).

<b>SCENARIO #1</b>					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	6112	ESSER II Revenue	GF	\$XX,X14	
530	Obj Code 9	ESSER II Expenditures	GF		\$XX,X14
530	Type Cd	Additional Equipment (ESSER II Expenditures) (SC-4)	CPF	\$XX,X14	
960	6112	ESSER II Revenue	CPF		\$XX,X14
To recognize the allowable use of ESSER II resources for major capital purposes which are required to be accounted for in the Capital Projects Fund.					

The school district must document the elements of this adjusting journal entry and reconcile amounts to the County Treasurer report.

In Scenario #2, a school district records its ESSER II expenditures for major capital purposes directly to the Capital Projects Fund using other resources available in the CPF. Now the district needs to recoup those resources and match the federal expenditures with federal resources. In this scenario, the ESSER II grant claim includes General Fund expenditures of \$XX,X25 and Capital Projects Fund expenditures of \$XX,X14 for a total claim reimbursement of \$XX,X39. As mentioned previously, the grant claim in the amount of \$XX,X39 is reimbursed by OSPI, but OSPI School Apportionment can only use General Fund Revenue Code 6112.

In lieu of making additional adjusting journal entries, the school district may make arrangements with its County Treasurer to transfer \$XX,X14 from the General Fund to the Capital Projects Fund. The district must take care to appropriately code this County Treasurer transfer on the F-197. The school district must document the elements of this transaction and reconcile amounts to the County Treasurer Report.

If the school district elects to receive the entire grant reimbursement of \$XX,X39 in the General Fund as reported on the Apportionment Report, the district needs to reimburse its Capital Projects for the \$XX,X14.

<b>SCENARIO #2</b>					
<b>Transaction #A</b> is an illustration of the ESSER II transactions prior to grant claims. Both the General Fund and the Capital Projects Fund have recorded transactions for ESSER expenditures.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Prog 12	ESSER Expenditures	GF	\$XX,X25	
240		CASH	GF		\$XX,X25
530	Type Cd	Additional Equipment (ESSER II Expenditures) (SC-4)	CPF	\$XX,X14	
240		CASH	CPF		\$XX,X14

**SCENARIO #2**

**Transaction #B** is an illustration of the school district receiving the grant money in the General Fund. Only a portion of the money is recognized as revenue in the General Fund, with the remaining amount recorded as a liability "Due to Other Funds." At the same time, the district records entries in the Capital Projects Fund to recognize the revenue and a receivable "Due From Other Funds."

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		CASH	GF	\$XX,X39	
960	6112	ESSER II	GF		\$XX,X25
640		Due To CPF	GF		\$XX,X14
320		Due From GF	CPF	\$XX,X14	
960	6112	ESSER II	CPF		\$XX,X14

**Transaction #C** is an illustration of the cash transaction to reimburse the CPF for the grant claim and eliminating the GF liability and CPF receivable.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
640		Due To CPF	GF	\$XX,X14	
240		CASH	GF		\$XX,X14
240		CASH	CPF	\$XX,X14	
320		Due From GF	CPF		\$XX,X14

A school district may use other methods and account codes to achieve desired results. These illustrations render the process to show results. The school district must document the elements of these transactions and reconcile amounts to the County Treasurer report.

## **SPECIAL EDUCATION MEDICAID REIMBURSEMENT ENTRIES**

The Washington Health Care Authority no longer provides the full local portion of Medicaid reimbursement payments for school districts, following a statutory change effective in 2011–12. Under the terms of the change, the state only pays 40 percent of the local match needed for Medicaid reimbursement. However, the Federal government will not let the state disburse any of the payment amount unless the full amount is on hand at the state. Thus, districts must send in the remaining 60 percent of the local match to the Health Care Authority before they can receive their reimbursement.

For these entries, for every \$100 of Medicaid reimbursement, \$50 is from the federal Department of Health and Human Services (paid through the state Health Care Authority) (50 percent), \$20 is from the state Health Care Authority (40 percent of the remaining 50 percent) and \$30 is from the district (the other 60 percent of the remaining 50 percent).

### **District Submission to State**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
330	No	Due From Other Governmental Units	GF	30	
240	No	Cash on Deposit	GF		30
To record the payment to the HCA for Medicaid reimbursement. This would be done through a warrant or a wire transfer.					

### **Receipt From State**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240	No	Cash on Deposit	GF	100	
330	No	Due From Other Governmental Unit	GF		30
960	4321	Revenue	GF		20
960	6321	Revenue (Medicaid Reimbursement)	GF		50
To record the receipt of payment from the HCA.					