

Reconciling the Board Financial Summary

**Remember: Debits increase assets and expenses and reduce liabilities and revenues
Credits increase liabilities and revenues and decrease assets and expenses**

As part of the year end close process, various accounts on the Board Financial Summary (assets and liabilities) will need to be analyzed and reconciled. The accounts that will need to be reconciled include:

Assets

- 9120 - Cash in Bank
- 9130 - Revolving Cash
- 9200 - Accounts Receivable*
- 9290 - Due From Grantor Agencies*
- 9310 – Due From Other Funds
- 9320 - Stores
- 9330 - Prepaid Expenses

Liabilities

- 9500 - Account Payable*
- 9590 - Due to Grantor Agencies*
- 9505 - Refund Clearing Account*
- 9510 - AP Current Liability*
- 9515 - Current Liability - STRS*
- 9518 - Current Liability – Health & Welfare*
- 9519 - Current Liability – SUJ
- 9520 - Current Liability – WC
- 9522 - Current Liability – Medicare*
- 9526 - Use Tax
- 9610 - Due from Other Funds
- 9640 - Current Loans (TRANS)

*Denotes accounts that need to be reconciled to \$0 at June 30th.

Not all districts will have all of the accounts noted above. However, it is critical that districts reconcile these accounts to ensure that these assets and liabilities do not just roll from one year to the next.

Accounts Receivable/Accounts Payable 9200 9209 9290 9299

The most common accounts that districts will reconcile for year-end close are accounts receivable and accounts payable. At the end of every year monies that are earned by June 30th, but not yet received (AR), need to be booked in the GL as an accrual entry. The same is true for monies that are needed to be paid for supplies or services (AP) provided in the year being closed. Accrual entries help to match the correct revenues and expenditures in the periods in which they were earned or expended.

Step 1 is to run a detail general ledger on the set-up account (9209, 9509, 9599, and 9299) in the old year. For example, if you are closing FY11-12, you will need to run a detail general ledger on account

9209, from FY10-11. In the example below, the amount set up in the old year for accounts receivable was \$543,010.65 and the amount that has come in is \$292,826.19. That leaves a balance of \$250,184.46 that remains outstanding from the prior year.

In order to determine what items of the original amount set up amounts still have not been collected, you will need to run the detail on account 9200, in the new year (FY11-12). The amount in the new year will be \$292,826.19. When you compare the old year report with the new year report, the difference will make up the \$250,184.46.

FUND: 01 GENERAL FUND

OBJECT NUMBER	DESCRIPTION	BEGINNING BALANCE	YEAR TO DATE ACTIVITY	ENDING BALANCE
FUND RECONCILIATION				
ASSETS AND LIABILITIES :				
9110	CASH IN COUNTY TREASURY	9,444,023.77	4,083,879.30-	5,360,144.47
9120	CASH IN BANK	3,000.00	.00	3,000.00
9130	REVOLVING CASH ACCOUNT	10,000.00	.00	10,000.00
9200	ACCOUNTS RECEIVABLE	543,010.65	292,826.19-	250,184.46
9290	DUE FROM OTHER GOVERNMENTS	14,018,344.10	13,987,242.15-	31,101.95
9299	DUE FROM GRANTOR GOVT (A/R SET		6,361,705.44	6,361,705.44
9310	DUE FROM OTHER FUNDS	155,507.34	144,351.50	299,858.84
9320	STORES	405,304.14	17,761.14-	387,543.00
9330	PREPAID EXPENDITURES	20,161.65	89,119.48	109,281.13
9500	ACCOUNTS PAYABLE	1,354,989.60-	1,315,389.02	39,600.58-
9505	REFUND CLEARING ACCOUNT		594.23-	594.23-
9506	Stale Dated Warrant Liability	9,702.91-	1,388.84-	11,091.75-
9509	ACCOUNTS PAYABLE SET UP		1,219,400.51-	1,219,400.51-
9510	ACCOUNTS PAYABLE CURRENT LIAB	580.67	3,948.47-	3,367.80-
9515	CURRENT LIABILITY STRS	394.26-	.00	394.26-
9518	CURRENT LIABILITIES H & W		2,464.52	2,464.52
9519	CURRENT LIABILITIES S.U.I.	78,130.93-	91,610.75-	169,741.68-
9520	CURRENT LIABILITIES W/C	105,221.57-	41,131.99-	146,353.56-
9522	CURRENT LIABILITIES MEDICARE	125.69-	.00	125.69-
9526	CURRENT LIABILITIES USE TAX	11.43	1,537.01-	1,525.58-
9550	SIGC III MONTHLY HEALTH PAYMEN	785,483.27-	10,618.29-	796,101.56-
9560	DEFERRED PAYROLL OPTION	1,408,588.55-	46,319.65	1,362,268.90-
9590	DUE TO OTHER GOVERNMENTS	89,023.38-	14,193.00	74,830.38-
9599	DUE TO GRANTOR GOVT (A/P SETUP		6,680.00-	6,680.00-
9610	DUE TO OTHER FUNDS		2,445.00-	2,445.00-
9640	CURRENT LOANS	8,992,552.68-	2,918,224.82-	11,910,777.50-
9650	DEFERRED REVENUE	267,584.45-	.00	267,584.45-
* NET YEAR TO DATE FUND BALANCE	* *	11,508,146.46 *	14,705,746.08-*	3,197,599.62-*
9791	FUND BAL-BEGINNING BALANCE	11,508,146.46-	.00	11,508,146.46-
* EXCESS REVENUES/(EXPENDITURES)	* *	.00 *	14,705,746.08-*	14,705,746.08-*

As you can see below in our example, the individual AR items that total \$543,010.65 are comprised of items such as Interest receivable or Prop 10 revenue earned.

It can be seen that there are several entries that make up the \$250,184.46 yet to be received. Those items include \$50,533.88, \$196,350.11 and cancelled warrants in the amount of \$2,081.61, \$582.25, and \$636.61. Those outstanding amounts equal the \$250,184.46 that is yet to be received.

To clear those revenue amounts, the account 9200 will need to be credited and the revenue account that was used to create the receivable (obj. 8290, 8590, etc.) will need to be debited.

When a PR direct deposit is cancelled, an AR is set up to receive the cash once it is returned from the bank. Districts need to be sure that the returned funds are credited against this AR.

FUND	DATE	REFERENCE	VENDOR WARRANT	FD-REEC-Y-OBJT.SG-GOAL-FUNC-STR-T2-TY3-TYP4	DEBIT	CREDIT
9209		ACCOUNTS RECEIVABLE SET UP				
		BALANCE FORWARD 07/01/2010			0.00	0.00
	06/30/2011	TF 974960		01-0000-0-9209.00-0000-0000-000-00-000-0000	26,508.37	0.00
	06/30/2011	ER 110020	4TH QTR INT REC @0.769%/JL	01-7230-0-8699.00-0000-0000-000-00-000-7231	268,638.30	0.00
	06/30/2011	TF 110192	BUS EXHAUST RETROFIT PRGM	01-9019-0-9209.00-0000-0000-000-00-000-0000	155,471.41	0.00
	06/30/2011	TF 110212	CLEAR A/R	01-9015-0-9209.00-0000-0000-000-00-000-0000	0.00	0.01
	06/30/2011	ER 110042	CLEAR A/R	01-9015-0-8699.00-0000-0000-000-00-000-0000	40,878.70	0.00
	06/30/2011	ER 110041	K-12 ED TECH VOUCHER	01-9015-0-8699.00-0000-0000-000-00-000-0000	50,533.89	0.00
	06/30/2011	ER 110007	PROD 10 4TH QTR	01-0000-0-2400.00-0000-7300-001-00-000-0000	875.99	0.00
		WORKERS' COMP D.SPANN				
		TOTAL ACTIVITY			543,010.66	0.01
		ENDING BALANCE 06/30/2011			543,010.65	

The same steps would be necessary to reconcile the accounts payable. First, go the old fiscal year and run a detailed general ledger on the set up account (9599, or 9509). Next, come back to the year that you are closing and a detailed general ledger on the current year AP account (9500, or 9590). Finally, compare the two reports and highlight all the accounts that were set up but were on cleared in the new year. Those items can be cleared by debiting the AP account (9500, or 9590) and crediting the expense account the payable was set up under originally.

FUND	DATE	REFERENCE	VENDOR WARRANT	FD-REEC-Y-OBJT.SG-GOAL-FUNC-STR-T2-TY3-TYP4	DEBIT	CREDIT
9200		ACCOUNTS RECEIVABLE				
		BALANCE FORWARD 07/01/2011			0.00	0.00
	07/01/2011	HB 000000		01-0000-0-9200.00-0000-0000-000-00-000-0000	27,488.36	0.00
	07/01/2011	HB 000000	BEGINNING BALANCE	01-7230-0-9200.00-0000-0000-000-00-000-0000	268,638.30	0.00
	07/01/2011	HB 000000	BEGINNING BALANCE	01-9015-0-9200.00-0000-0000-000-00-000-0000	50,533.88	0.00
	07/01/2011	HB 000000	BEGINNING BALANCE	01-9019-0-9200.00-0000-0000-000-00-000-0000	196,350.11	0.00
	07/11/2011	DC 120003		01-0000-0-9200.00-0000-0000-000-00-000-0000	0.00	875.99
	07/27/2011	TF 970273	AR 110007 M/C D SPANN 6/30	01-0000-0-9200.00-0000-0000-000-00-000-0000	2,081.61	0.00
	07/28/2011	TF 970317	DIRECT DEPOSITE/JL	01-0000-0-9200.00-0000-0000-000-00-000-0000	0.00	26,508.37
	09/02/2011	DC 120024	4TH QTR INT REC @0.769%/JL	01-7230-0-9200.00-0000-0000-000-00-000-0000	0.00	268,638.30
	11/28/2011	TF 971779	SJVUAPCD A-Z REIMB AR110020	01-3310-0-9200.00-5001-0000-000-00-000-0000	0.00	341,807.00
	11/28/2011	TF 971794	10/11 FED SPECIAL ED APPT/MRN	01-3310-0-9200.00-5001-0000-000-00-000-0000	341,807.00	0.00
	12/28/2011	TF 972083	10/11 FED SPECIAL ED APPT/MRN	01-0000-0-9200.00-0000-0000-000-00-000-0000	582.25	0.00
	05/31/2012	TF 974039	DIRECT DEPOSIT/JL	01-0000-0-9200.00-0000-0000-000-00-000-0000	636.61	0.00
		C/W DIRECT DEPOSITS / MRN				
		TOTAL ACTIVITY			888,118.12	637,933.66
		ENDING BALANCE 06/30/2012			250,184.46	

Due to Other Funds/Due From Other Funds 9610/9310

During the fiscal year, cash may be temporarily borrowed between funds to assist with cash flow. For example, the cafeteria fund may run short of cash and need to pay vendors and payroll. Cash may be temporarily loaned to fund 13 from any fund that has enough to loan. Using the general fund (Fund 01) and the Cafeteria fund (Fund 13), the entries that need to be made to loan the funds are as follows:

Debit	01-0000-0-9310	\$5,000	
Credit	13-5310-0-9610		\$5,000

This transfer would need to be sent to the county office to complete the transfer and move the cash at the county treasury. If the loan was made prior to April 1st, it must be repaid before year end. If the transfer was made after April 1st, it would need to be repaid by the following June 30th.

Cash can only be moved, between funds, before June 25th, therefore it will be necessary to repay these temp loans early in the month of June to be sure that they are repaid before the end of June.

To repay the temp loan created above, the correct entries would be as follows:

Debit	13-5310-0-9610	\$5,000	
Credit	01-0000-0-9310		\$5,000

Remember that Assets always have positive balances and Liabilities always have negative balances.

9310 is an asset and should always have a positive balance and 9610 is a liability and should always have a negative balance.

Stores 9320

Stores is an asset account that keeps track of inventory (either food or supplies). As part of your districts' audit, a physical inventory shall be taken to verify that the amount of assets on the GL match the value of the inventory.

For example let's assume that an inventory was taken last fiscal year and the balance in the Stores account was \$50,000. That amount would correspond to the amount in account 9320 (Stores). During the new fiscal year transactions happen in the Stores account (new supplies are purchased and inventory is used as necessary). At the end of the fiscal year a physical inventory is taken and it is determined that there is now \$40,000 in inventory. An adjusting entry will need to be made to bring the GL in alignment with the actual inventory.

Debit	01-0000-0-4300	\$10,000	
Credit	01-0000-0-9320		\$10,000

This entry increases the materials expense (debit) account (obj 4300) for the inventory shrinkage that has occurred and at the same time lowers the value of the inventory being carried on the books. The supplies expense can be distributed across all programs if the amount is significant enough.

Pre-paid Expenses 9330

Pre-paid expenses are for that portion of materials or services that are purchased and apply to a future period. Pre-paid expenses are assets. A good example of a pre-paid expense is insurance. For example, if your district purchased an insurance policy that covers a 3 year period for \$15,000, only 1/3 of the policy relates to the current period while the remainder relates to future periods. It wouldn't be appropriate to expense the whole amount in the current period, so a pre-paid expense account should be used. The correct entries to make, when the insurance is bought, are as follows:

Debit	01-0000-0-5400	\$5,000	
Debit	01-0000-0-9330	\$10,000	
Credit	01-0000-0-9110		\$15,000

The next year, when some of the insurance will be "used" the correct entry to make is as follows:

Debit	01-0000-0-5400	\$5,000	
Credit	01-0000-0-9330		\$5,000

This entry increases the insurance expense in year 2 (debit expense) and reduces the asset pre-paid expenses with a credit to account 9330. Finally, in year 3, another entry is made exactly as above which increases the insurance expenses again and reduces the prepaid expense asset account to \$0.

Refund Clearing Accounts 9505

The refund clearing account is a liability account that is used to return overpaid taxes back to the district and/or the employee. For example, if a district realized that it had overcharged an employee for a PERS expense, or Medicare, or OASDI, the district would contact district accounting and request that those funds be returned to the district. See example below.

07/01/2011 TO 06/30/2012							
FUND	:01	GENERAL FUND					
DATE	REFERENCE	VENDOR	WARRANT	FD-RESC-Y-OBJT.SO-COAL-FUNC-STE-T2-TY3-TYP4	DEBIT	CREDIT	
TRANSACTION DESCRIPTION							
9505	REFUND CLEARING ACCOUNT						
	BALANCE FORWARD 07/01/2011					0.00	0.00
	10/13/2011	TF 971286		01-0000-0-9505.00-0000-0000-000-00-000-0000	0.00	558.49	
		PERS OR / MEN					
	11/29/2011	TF 971820		01-0000-0-9505.00-0000-0000-000-00-000-0000	0.00	7.80	
		DISTRICT REQUEST - MEDICARE/JL					
	11/29/2011	TF 971821		01-0000-0-9505.00-0000-0000-000-00-000-0000	0.00	27.94	
		DISTRICT REQUEST - OASDI/JL					
	TOTAL ACTIVITY					0.00	594.23
	ENDING BALANCE 06/30/2012						594.23

District Accounting would return those overpaid taxes as credits to account 9505. Now it is up to the district to either return those funds to the employee or back against the districts expense account. Using the example above, let's assume that the entry on 10/13/11 for \$558.49 was employer overpaid PERS

expense. The district would need to research which accounts (resource, function, etc.) that the overpaid employee came from and return the PERS expense to that account. For example, if the employee's PERS was paid out of account 01-6500-0-3201-5750-1110, you would make an entry as follows:

Debit	01-0000-0-9505	\$558.49	
Credit	01-6500-0-3201-5750-1110		\$558.49

The same procedure would apply to the other 2 lines in our example for account 9505. The Medicare would be returned to the Medicare expense line that was originally used to pay the employee – debiting the account 9505 and crediting the original expense line.

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FUND RECONCILIATION				
ASSETS AND LIABILITIES :				
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9120	CASH IN BANK	3,000.00	.00	3,000.00
9130	REVOLVING CASH ACCOUNT	10,000.00	.00	10,000.00
9200	ACCOUNTS RECEIVABLE	543,010.65	292,826.19-	250,184.46
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9299	DUE FROM GRANTOR GOVT (A/R SET		6,361,705.44	6,361,705.44
9310	DUE FROM OTHER FUNDS	155,507.34	144,351.50	299,858.84
9320	STORES	405,304.14	17,761.14-	387,543.00
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9500	ACCOUNTS PAYABLE	1,354,989.60-	1,315,389.02	39,600.58-
9505	REPUND CLEARING ACCOUNT		594.23-	594.23-
9506	Stale Dated Warrant Liability	9,702.91-	1,388.84-	11,091.75-
9509	ACCOUNTS PAYABLE SET UP		1,219,400.51-	1,219,400.51-
9510	ACCOUNTS PAYABLE CURRENT LIAB	580.67	3,948.47-	3,367.80-
9515	CURRENT LIABILITY STRS	394.26-	.00	394.26-
9518	CURRENT LIABILITIES H & W		2,464.52	2,464.52
9519	CURRENT LIABILITIES S.U.I.	78,130.93-	91,610.75-	169,741.68-
9520	CURRENT LIABILITIES W/C	105,221.57-	41,131.99-	146,353.56-
9522	CURRENT LIABILITIES MEDICARE	125.69-	.00	125.69-
9526	CURRENT LIABILITIES USE TAX	11.43	1,537.01-	1,525.58-
9550	SISC III MONTHLY HEALTH PAYMEN	785,483.27-	10,618.29-	796,101.56-
9560	DEFERRED PAYROLL OPTION	1,408,588.55-	46,319.65	1,362,268.90-
9590	DUE TO OTHER GOVERNMENTS	89,023.38-	14,193.00	74,830.38-
9599	DUE TO GRANTOR GOVT (A/P SETUP		6,680.00-	6,680.00-
9610	DUE TO OTHER FUNDS		2,445.00-	2,445.00-
9640	CURRENT LOANS	8,992,552.68-	2,918,224.82-	11,910,777.50-
9650	DEFERRED REVENUE	267,584.45-	.00	267,584.45-
* NET YEAR TO DATE FUND BALANCE	* *	11,508,146.46 *	14,705,746.08-*	3,197,599.62-*
9791	FUND BAL-BEGINNING BALANCE	11,508,146.46-	.00	11,508,146.46-
* EXCESS REVENUES/(EXPENDITURES)	* *		.00 * 14,705,746.08-*	14,705,746.08-*

Accounts Payable Current Liability - 9510

Accounts payable warrants that have been cancelled, per district request, are returned to the district and placed in account 9510. To clear is this account, the district will need to either return the funds to the original expense line that the warrant was created under, or in the case of a lost/stolen/stale-dated warrant, a new payment to the vendor should be created using account 9510. If the payment was

created in error, and the funds are being returned against the original expense line, an example of that transaction is as follows:

Debit	01-0000-0-9510	XXX	
Credit	01-0000-0-4300.00-1110-1000		XXX

Many times these liability accounts have not been zeroed out during the prior year and a balance shows up on the Board Financial Summary under beginning balance. It will be necessary to run a detailed general ledger, in the prior year, to see what entries make up the beginning balance.

If however, those balances have been carried in year after year, a quick way to correct these prior-prior year entries is to use Object 9795 (Other Restatements). If you have a balance in any of the accounts that need to be zeroed out at year end, clear those balances to object 9795. For example, the arrow is pointing at an amount in account 9510 that carried in from the prior year. That amount will keep carrying on your district books until you clear it out. To clear it out use these entries.

Debit	01-0000-0-9795	\$580.67	
Credit	01-0000-0-9510		\$580.67

FYI-What is strange about the beginning balance is that object 9510 is a liability account and should always have a credit balance. However this beginning balance amount is a debit balance. If the balance was a normal liability balance the entry would be as follows:

Debit	01-0000-0-9510	\$580.67	
Credit	01-0000-0-9795		\$580.67

Workers Compensation and Unemployment Insurance 9520/9519

These liability accounts, at the end of the fiscal year, theoretically, should only have a balance of the next quarterly payment to SISC. As payroll runs, these liability amounts are put into their respective accounts to be taken by SISC quarterly. SISC comes along and takes their funds and reduces the liability account. However, sometimes improper payroll coding can lead to overages or shortages in these accounts.

If the amount in the these two liability accounts are greater or less than a quarters payment to SISC, a reconciling entry will have to be made to correct the liability and the expense account. For example, in the board financial summary above, the ending balance in the 9519 account is \$169,741.68. If it is determined that the next quarters UI payment to SISC is only \$145,000.00, then we know that we have \$24,741.68 (169,741.68-145,000.00) too much in our liability account. That means that we have charged the UI expense account (obj. 3501 and 3502) too much. To clear the liability and reduce the over expenditure in the UI expense line, we make the following entry:

Debit	01-0000-0-9519	\$24,741.68	
Credit	01-xxxx-0-3501-xxxx-xxxx		\$15,118.25
Credit	01-xxxx-0-3502-xxxx-xxxx		\$9,623.43

It will be necessary to research the payroll entries to determine which employees were overpaying into SUI, that way the funds are returned to the exact expense lines that they were originally created under. Conversely, if the 9519 object didn't have enough SUI expense taken out during the payroll runs, then an entry will need to be made to charge the SUI account and increase the liability account:

Debit	01-xxxx-0-3501-xxxx-xxxx	\$28,122.41	
Credit	01-0000-0-9519		\$28,122.41

Obj	Account	Date	Transaction	Debit	Credit	Balance
9519	CURRENT LIABILITIES S.U.I.					
	03/30/2012	PY 033012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		3,172.96
		BN-ECM 03/30/2012				
	03/30/2012	PX 033012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		1,663.64
		BX-ECM 03/30/2012				
	04/10/2012	PY 041012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		314.32
		BN-MIDA 04/10/2012				
	04/10/2012	PX 041012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		380.84
		BX-MIDA 04/10/2012				
	04/26/2012	TP 960084	01-0000-0-9519.00-0000-0000-000-00-000-0000	15,909.40		0.00
		1ST QTR 12 UI TRANSFER/YV				
	04/30/2012	PY 043012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		2,983.87
		BN-ECM 04/30/2012				
	04/30/2012	PX 043012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		1,822.27
		BX-ECM 04/30/2012				
	05/10/2012	PY 051012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		242.80
		BN-MIDA 05/10/2012				
	05/10/2012	PX 051012	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		260.05
		BX-MIDA 05/10/2012				
	05/16/2012	TP 960092	01-0000-0-9519.00-0000-0000-000-00-000-0000	2,469.73		0.00
		1ST QTR 2012 LEC TRANSFER/YV				
	05/31/2012	PY 053112	01-0000-0-9519.00-0000-0000-000-00-000-0000	0.00		2,998.47
		BN-ECM 05/31/2012				

Additionally, some districts have an additional LEC (Local Experience Charge) on top of their normal SUI rate 1.10% for (12-13). LEC charge is based on the prior 2 years' experience. The LEC charge is based on the district's SUI account balance and benefits claimed against the account; the rate is 0% to 15%.

Because the LEC rate is not run through the PR system as the normal SUI rate is, it is calculated and charged quarterly by SISC. SISC doesn't know which expense line to charge the district for that expense, so it just takes the funds and put the expense in Obj. 9519 (See 5/16/12 entry). Unless the district reconciles its LEC charge yearly, that balance will just keep growing.

What need to happen is that the LEC expense needs to be moved from the SUI liability account to the SUI expense account. Because the LEC expense is a district- wide expense, those expense need to be fairly shared by all programs. The easily way to prorate this charge is to determine what the percent each program is to the total general fund. For example, unrestricted programs constitute 58% of the budget it should take 58% of the LEC charge. That 58% should also be broken down by classified and certificated expenses. Furthering our example, if certificated salaries made up 85% of the unrestricted program they should take 49.3% of the total LEC charge (58% x 85% = 49.3%); (2,469.73 x 49.3% = \$1,217.58). Therefore the LEC charge would be moved from 9519 with the following entry:

Debit	01-0000-0-3502-1110-1000	1,217.58	
Debit	01-0000-0-3501-0000-7200	xxx	
Credit	01-0000-0-9519		2,469.73

Worker’s Compensation charges (Obj. 9520) works exactly as the SUI account. As payroll runs the system charges the WC costs to the various programs and moves the cash to liability account 9520 to be taken by SISC during the next quarterly billing. Whatever amounts are determined to be over or short in that account needs to be taken to the Worker’s Compensation expense line (Obj. 3601 and 3602).

Other Various Current Liabilities – STRS, PERS, Medicare, H&W

These various liability accounts work just the same was as SUI and WC. As payroll runs various amounts are put in these liabilities accounts and taken and expenses to STRS, PERS, etc. Sometimes however, there are some small amounts that end up not being paid out. In order to clear these accounts these amounts will need to be moved against expense lines (STRS, PERS, Medicare, Health and Welfare, etc.).

Use Tax – 9526

As items are purchase from out of state vendors, those purchases are flagged with the “use-tax” flag and the tax amounts that would have gone to the out of state tax agency, instead go into a liability account to be paid to the CA. franchise tax board in the future. Most district remit use tax yearly, others more frequently like quarterly. Be sure that the use tax is remitted timely. Use tax can be paid directly from the resource that bought the merchandise and has the liability, or all the use taxes amounts in the various resources can be moved to resource 0000, and paid directly from that account.

Current Loans (TRANS) – 9640

Tax Revenue Anticipation Notes are used by school districts as a means of short term borrowing to assist with cash flows. TRANS can be inter-year or cross-year issues. Account 9640 is where the funds are deposited at the beginning of the process, and also where the payments are made from as the repayment of the TRANS begins.

District Accounting posts both the deposit of the TRANS proceeds as well as the repayment. Many times the costs of the issue/premium/discount “get lost” in account 9640. During an inter-year (within) TRANS the 9640 account should be zeroed at year end. A cross-year TRANS balance would need to be shown in account 9640 at year end. Because there a lot of moving parts in a this type of transaction, if you have an ending balance at June 30th in account 9640, and you know that you don’t not have a cross-year TRANS, please call your fiscal analyst to be sure and clear this account.

Deferred Revenue

In governmental accounting, some programs (Grants) the funds that you receive are not accounted for as revenue until the corresponding expenditures have been made. It seems like a strange concept. For example, if the state government “granted” your district \$5,000 to run a program and gave the district the whole \$5k up front, if no expenditures for that program were made before the end of the

year, the district could not show this amount as earned revenue and must therefore defer the revenue until the next year when the district can make some expenditures against the revenue. To initially book the revenue the correct entry would be:

Debit	01-3010-0-9110	\$5,000	
Credit	01-3010-0-8290		\$5,000

At year end, if not expenses had been incurred; the entry to defer the revenue would be as follows:

Debit	01-3010-8290	\$5,000	
Credit	01-3010-9650		\$5,000

Let's assume now that \$3,000 of program expenses were able to be spent before the June 30th deadline; the district will only need to defer \$2,000 until next year because it was able to make \$3,000 of qualified expenditures. If the district was able to spend all of its funds in the year in which it was received, then there would be no revenue that needs to be deferred.

If revenue has been deferred from one year into the next, it will be necessary to "un-defer", or re-post as current year revenue in the new year. If, as in the above scenario, the district needed to defer \$5,000 in the prior year, the entry in the new year just reverses the prior year entry as follows:

Debit	01-3010-9650	\$5,000	
Credit	01-3010-8290		\$5,000