

## **5-0200.00 REVENUES AND RECEIVABLES**

### **5-0210.00 INTRODUCTION**

#### **5-0210.10 DEFINITIONS**

**“Modified Accrual”** is the process of recording revenues when measurable and available, regardless of whether cash has been received. Accrual of revenue generally causes increases to be recorded in **revenue** accounts with corresponding increases recorded in **receivable** accounts.

**“Accrued Revenues”** are financial resources applicable to the current accounting period but which will not be received in cash until a subsequent accounting period.

**“Deferred Revenues”** are: 1) Amounts which should be recorded as receivables, but which do not meet criteria for revenue recognition as discussed in section 5-0210.20; and 2) Material amounts received prior to normal time of receipt. For example, property taxes or other revenues collected in advance of the fiscal year to which they apply should be recorded as deferred revenues until recognized as revenue of the period to which they apply.

**“Cash Basis”** is a method of accounting in which revenues are recorded only when cash is received and expenditures are recorded only when cash is paid.

#### **5-0210.20 BASIC ACCOUNTING PROCEDURES**

GAAP requires that revenues of governmental trust fund types be recorded in an accounting period if “measurable” and “available” to finance current operations. This is the modified accrual basis of accounting.

**“Measurable”** means the amount of revenue is known or can be reasonably estimated.

**“Available”** means the revenue is expected to be received in cash in the current period or soon enough thereafter to pay liabilities of the current period. Revenue received in cash by June 30 or expected to be received in July or August is considered available at fiscal year-end.

School districts may keep records on a cash basis throughout the year, but appropriate entries must be made at fiscal year end to adjust the accounting records to the modified accrual basis. Most financial activity of the school district will occur in the governmental fund types, to which the modified accrual basis applies. For that reason, the accounting entries for revenues shown in this section of the manual assume the modified accrual basis is used.

GAAP requires that revenues of proprietary and private purpose trust funds be recorded in an accounting period if “measurable.” This is the accrual basis of accounting.

**5-0220.00      PROPERTY TAX REVENUES**

**5-0220.10      BASIC ACCOUNTING PROCEDURES**

**A.      Collected Taxes**

Property taxes are usually a major source of a school district's revenues. Normally taxes are recorded as revenues upon receipt of the County Treasurer's monthly report. Accounting entries are recorded which increase the cash account and revenue accounts in the same amount (cash basis of accounting).

**B.      Uncollected Taxes**

According to GAAP, uncollected taxes which are due by the end of the fiscal year and expected to be received within 60 days after June 30th may be recorded as revenues. However, due to the difficulty estimating the amount of uncollected taxes which will be received 60 days after the end of the fiscal year, **the recommended procedure for Montana schools will be to record all uncollected taxes at the end of the fiscal year as deferred revenues.** School districts are not required to record financial activity relating to taxes receivable on a monthly basis.

**5-0220.20      TAXES RECEIVABLE**

Taxes receivable are uncollected taxes. The amount of taxes receivable or uncollected taxes will be reported to the school district by the county treasurer at the end of the fiscal year. Real estate taxes may be delinquent or unpaid for three years while personal property taxes may be delinquent or unpaid for up to five years. If taxes are not paid within the legal time limits, the property is sold with proceeds distributed to the school district as if the taxes had been paid.

School districts will record the amounts of taxes receivable reported by the county treasurer at June 30th as deferred revenue as shown in section 5-0220.30, "RECORDING PROPERTY TAXES."

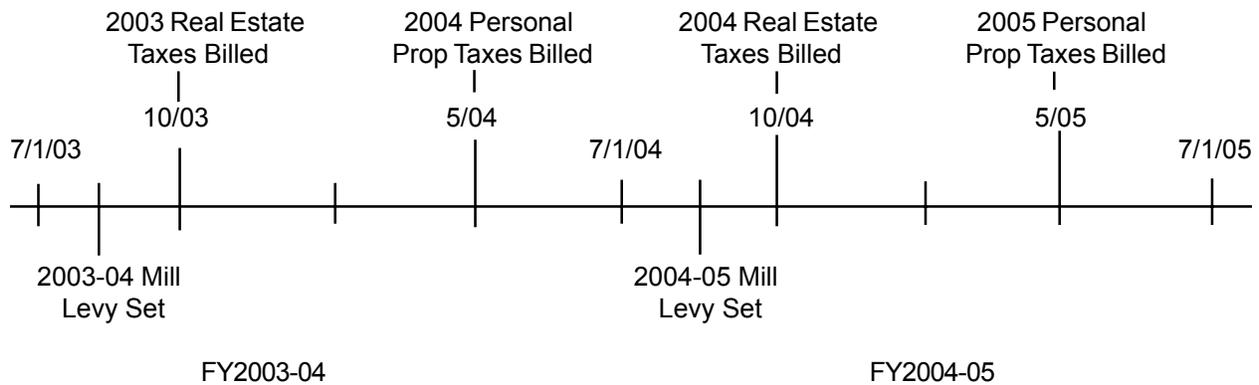
**5-0220.21      DISTRIBUTION OF TAXES RECEIVABLE**

Some county treasurers will report to the districts the total amount of taxes receivable on a district wide basis rather than on a fund by fund basis. In these cases, the school district clerk will distribute the total of taxes receivable for the district to each of the respective funds based on tax levies.

Real estate taxes are billed by the county in November and May. The taxes collected are normally distributed monthly to each taxing jurisdiction based on the number of mills levied by that entity.

**5-0220.21 DISTRIBUTION OF TAXES RECEIVABLE (cont'd)**

This illustration shows how the 2 types of taxes are distributed using the most recent mill levies:



As shown in the illustration:

**2004 Real Estate Taxes (Billed 10/2004) — Distribute using 2004-05 Mill Levies**

**2005 Personal Property Taxes (Billed 5/2005) — Distribute using 2004-05 Mill Levies**

Protested taxes receivable should be distributed to funds based on the same levies which would apply if the taxes were not protested. If the county treasurer’s report does not show the composition of the protested taxes receivable amount at June 30, the district should contact the treasurer’s office to determine the amount of taxes protested by year and type.

For example, assume that, taxes receivable on June 30th as reported by the county treasurer are:

2004 Personal Property Taxes Receivable	\$100,000
2004 Real Estate Taxes Receivable	\$100,000
2003 Protested Real Estate Taxes Receivable	\$100,000

2004 PERSONALS	03-04 LEVY	% OF TOTAL	AMT PER CO TREAS	DISTR. TO FUNDS
GENERAL	50.00	.87		\$ 87,000
TRANSPORTATION	2.00	.04		\$ 4,000
DEBT SERVICE	5.00	.09		\$ 9,000
<b>2004 PERSONALS</b>	<b>57.00</b>	<b>1.00</b>	<b>\$100,000</b>	<b>\$100,000</b>

2004 REALS	04-05 LEVY	% OF TOTAL	AMT PER CO TREAS	DISTR. TO FUNDS
GENERAL	60.00	.90		\$ 90,000
TRANSPORTATION	2.00	.03		\$ 3,000
DEBT SERVICE	5.00	.07		\$ 7,000
<b>2004 REALS</b>	<b>67.00</b>	<b>1.00</b>	<b>\$100,000</b>	<b>\$100,000</b>

**5-0220.21 DISTRIBUTION OF TAXES RECEIVABLE (cont'd)**

2003 REALS PROTESTED	03-04 LEVY	% OF TOTAL	AMT PER CO TREAS	DISTRIBUTION TO FUNDS
GENERAL	50.00	.87		\$87,000
TRANSPORTATION	2.00	.04		\$4,000
DEBT SERVICE	5.00	.09		\$9,000
2003 REALS PROTESTED	57.00	1.00	\$100,000	\$100,000

**5-0220.30 RECORDING PROPERTY TAXES**

The following journal entries show a simple method of accounting for property tax revenue. Record taxes as revenue when collected during the year and record taxes receivable as deferred revenues at fiscal year-end. Alternatively, districts may record tax revenues using other accounting procedures which produce the same year-end result (i.e. revenues will equal taxes collected and deferred revenues related to taxes will equal taxes receivable).

**When current year taxes are levied,** no entry is necessary.

**To record the current or delinquent net taxes collected and reported monthly by the county treasurer:**

Debit: 101                      Cash  
 Credit: 402                      Revenues  
 Revenue Subsidiary Ledger  
 XXX-1110 through 1190    Any appropriate tax revenue source  
 (To record taxes collected.)

**At fiscal year-end, to record taxes receivable:** Taxes receivable as of June 30 will be reported to the district by the county treasurer on the June report. Record this entry in each levied fund.

Debit: 120                      Taxes Receivable - Real                      \$ 90,000  
 Debit: 130                      Taxes Receivable - Personal/Mobile Homes                      \$ 87,000  
 Debit: 140                      Taxes Receivable - Other Taxes                      \$ 3,000  
 Debit: 150                      Taxes Receivable - Protested                      \$ 85,000  
 Credit: 680                      Deferred Revenues                      \$ 265,000

(To record taxes receivable reported by the county treasurer at June 30th as deferred revenue.)

The entry to record taxes receivable is required only at year-end. It results in proper balances on the accounting records for taxes receivable (asset) and deferred revenue (treated as a liability) for financial reporting on the Trustees' Financial Summary and financial statements. (NOTE: Balance sheet accounts 129, 139, 149, and 159 Allowance for Uncollectible Taxes are now required under GASB 34.)

**At the beginning of the next fiscal year:** Reverse the previous entry so the taxes receivable and related deferred revenue accounts have a zero balance.

Debit: 680                      Deferred Revenues                      \$265,000  
 Credit: 120                      Taxes Receivable - Real                      \$ 90,000  
 Credit: 130                      Taxes Receivable - Personal/Mobile Homes                      \$ 87,000  
 Credit: 140                      Taxes Receivable - Other Taxes                      \$ 3,000  
 Credit: 150                      Taxes Receivable - Protested                      \$ 85,000

(To reverse the entry made the previous June 30 to record taxes receivable and deferred revenues.)

### **5-0220.30 RECORDING PROPERTY TAXES (cont'd)**

The entry to reverse the taxes receivable from the accounting records reduces the taxes receivable balance to zero on the district's books. **The district is not required to account for the subsequent changes in taxes receivable during the year.** The district will record the taxes receivable balance only at fiscal year-end using the balances reported to the district by the June county treasurer's report for that year. **At the beginning of each fiscal year, reverse the taxes receivable balances recorded at the previous fiscal year-end.**

### **5-0220.40 TAX REFUNDS**

Occasionally, taxes are refunded to taxpayers due to mistakes in assessments, appraisals, or other reasons. Montana law also provides that any illegally collected tax be refunded to the taxpayer. Tax refunds are usually made by the county treasurer upon the proper authorization from the County Tax Appeal Board or the Department of Revenue.

When taxes are refunded, the county treasurer's monthly collection report will show a decrease in cash and a decrease in tax revenue. Although cash has been paid out, tax refunds should not be recorded as expenditures. **A tax refund is a revenue abatement (i.e., reduction of revenue), not an expenditure.**

Tax refunds are usually small in amount and immaterial compared to the total tax revenue collected. The usual practice is to record the amount of **net taxes collected** (normal tax collections less tax refunds) reported by the county treasurer as revenue. Consequently, no special accounting entries are necessary and the clerk will record the net taxes collected as shown in 5-0220.30 above.

However, if the tax refund is a material amount and relates to taxes collected in a prior fiscal year, GAAP require the amount be reported on the financial statements as a prior year adjustment to beginning fund balance. To determine whether or not a tax refund is material, check to see if the amount of the refund is 5% or more of the anticipated ending fund balance of the affected fund. The school district should also consult its auditor to determine if the refund is material.

If the tax refund is material and relates to a prior fiscal year, the amount should be recorded in revenue account 6100-Material Prior Period Revenue Adjustments and reported as a prior period adjustment to beginning fund balance on the Trustees' Annual Financial Summary and financial statements presented in accordance with GAAP. This will assure that the tax refund will not distort the amount of tax revenue reported for the current year.

### **5-0220.50 PROTESTED TAXES**

Taxes paid under protest are held in the County Protested Tax Fund and are not usually distributed to a school district until a court judgement is made. The county treasurer transfers the amount of the taxes paid under protest from the regular taxes receivable account to the protested taxes receivable account. This indicates that the taxes are due from the County Protested Tax Fund rather than the taxpayer.

Normally, school districts will record the amount of protested taxes receivable reported by the county treasurer at June 30th as deferred revenue as shown in section 5-0220.30.

**5-0220.60 PROTESTED TAX SETTLEMENTS BY JUNE 30**

In certain cases the district will learn of **material** court judgements on protested taxes (e.g., Burlington Northern protests) which will result in a substantial distribution of taxes to the district. If the ruling occurs before June 30, the district should accrue or record the amount of the distribution as revenue in the current year IF the amount is either known or can be reasonably estimated AND if the district expects to receive the distribution soon enough after June 30 to pay the liabilities of the current year (i.e., within approximately 60 days). Note that immaterial settlements of protested taxes will be recorded as revenue along with other tax distributions when received. **The following procedure is for material settlements before June 30 which have not been received in cash by June 30.**

**At fiscal year-end, to record taxes receivable:** Record the amount shown as taxes receivable on the county treasurer's June report as deferred revenue. The amount of protested taxes receivable which has been settled and will be distributed to the district in the next fiscal year should be recorded as taxes receivable and revenue. The settlement amount is considered measurable and available. For example, assume the taxes receivable in the General Fund are as follows: Real Property Taxes Receivable \$45,000; Personal Property Taxes Receivable \$37,000; Protested Taxes Receivable \$20,000. The settlement on June 26 was \$12,000 and is expected to be received by the district in July or August.

General Fund (01)		
Debit: 120	Taxes Receivable-Real	\$45,000
Debit: 130	Taxes Receivable-Personal/Mobile Home	\$37,000
Debit: 150	Taxes Receivable-Protested	\$20,000
Credit: 680	Deferred Revenue	\$90,000
Credit: 402	Revenue	\$12,000

Revenue Subsidiary Ledger		
X01-1117	District Levy--Distribution of Prior Year's Taxes	\$12,000

(To record the year-end taxes receivable and the material settlement of protested taxes. If penalties and interest are included in the settlement, record them under revenue source 1190. Revenue source 1117 is for material settlements only; if immaterial delinquent and protested taxes are collected during the year, record them as revenue under source 1110.)

**In the next fiscal year, to reverse the deferral of revenue for taxes receivable:** Reverse a portion of the entry above.

General Fund (01)		
Debit: 680	Deferred Revenue	\$90,000
Credit: 120	Taxes Receivable-Real	\$45,000
Credit: 130	Taxes Receivable-Personal/Mobile Home	\$37,000
Credit: 150	Taxes Receivable-Protested	\$ 8,000

(To reverse deferred revenue recorded for taxes receivable. The portion of protested taxes receivable recorded as revenue in the previous year remains in the 150 account until collected as shown in the next entry.)

**To record the receipt when the settlement is received early in the next fiscal year:**

Debit: 101	Cash	\$12,000
Credit: 150	Protested Taxes Receivable	\$12,000

(To record actual distribution of a favorable protested tax settlement. No entry was made to revenue since the amount was recorded as revenue in the previous fiscal year.)

**5-0220.70 JOINT DISTRICT TAXES**

A “joint district” has district boundaries that encompass more than one county. Portions of the joint district’s taxes are collected by each county. Frequently, non-located counties send the district’s June collections to the located county in July. If the amount is known or can be reasonably estimated, the district should accrue or record this revenue. Assume on July 8th, Non-located County B sent \$10,000 to Located County A for the district’s property taxes collected in June.

**At fiscal year-end, record accrued June taxes from a non-located county remitted in July:**

Debit:	120	Taxes Receivable - Real	\$10,000
Credit:	402	Revenue	\$10,000

Revenue Subsidiary Ledger

XXX-1110 through 1190 Any appropriate tax revenue source

(To record accrual of taxes from non-located counties for June remitted in July.)

**To record the receipt when the taxes are received in July (next fiscal year):**

Debit:	101	Cash	\$10,000
Credit:	120	Taxes Receivable - Real	\$10,000

(To record receipt of taxes from non-located counties that were collected in June.)

**5-0230.00 NON-TAX REVENUES**

**5-0230.10 BASIC ACCOUNTING PROCEDURES**

Non-tax revenues for school districts include, but are not limited to, Federal and state grants, state payments, direct state aid, lunch ticket sales, and miscellaneous district collections. Telephone and electric cooperative refunds, or “capital credits,” should be accounted for as an expenditure refund if received in the same year the expenditure is made. See Topic 5-0350.20 for more information.

The following journal entries show the suggested method for recording revenues from sources other than property taxes. Revenues are usually recorded when the county treasurer’s monthly report is received. At year-end, the district must adjust revenues of governmental type funds to the modified accrual basis. Alternatively, districts may record non-tax revenues during the year using another method which produces the same year-end results in the accounts as the method shown here.

## **5-0230.20      RECORDING NON-TAX REVENUES**

Journal entries for general non-tax revenues are shown below. Entries for specific types of non-tax revenues are shown in later sections. See Topic 5-0250.00.

### **To record non-tax revenues reported by the county treasurer:**

Debit: 101                      Cash  
Credit: 402                      Revenues

Revenue Subsidiary Ledger

XXX-1310 through 6100      Any appropriate revenue source

(To record cash receipt of non-tax revenues. This entry assumes the revenue was not previously recorded as a receivable.)

### **At fiscal year-end, to “accrue” revenues which meet the measurable and available criteria in section 5-0210.20, “BASIC ACCOUNTING PROCEDURES”):**

Debit: 170, 180, 190, etc.      Any Current Receivable  
Credit: 420                      Revenues

Revenue Subsidiary Ledger

XXX-1310 through 6100      Any appropriate revenue source

(To accrue non-tax revenue and the related receivable at fiscal year end.)

### **Receipt of non-tax revenue previously recorded as receivable:**

Debit: 101                      Cash  
Credit: 170, 180, 190, etc.      Any Current Receivable

(To record receipt of receivables recorded in the previous fiscal year. This entry would be needed either when cash is received during the year for a receivable recorded in the current year or when cash is received in the next year for items you recorded as accounts receivable and revenue in a previous year’s accrual entry.)

## **5-0240.00      REVENUES FROM FEDERAL AND STATE GRANTS**

For Federal and state grants, the district should record revenue in the fiscal year in which expenditures are recorded. Project reporter numbers should be used when recording revenues and expenditures of federal and state grants.

There are two ways the grantor may distribute grant money to district grantees. Normally, grants received by school districts in Montana are distributed in advance of grant expenditures. Other grants may require the district to claim reimbursement for grant expenditures.

During the year, school districts normally record revenues upon receipt of the county treasurer’s monthly report. However, if the treasurer’s monthly report is late, districts should record grant revenues upon receipt of notification from OPI or other grantor that a grant payment has been sent to the county treasurer. This procedure may be necessary to ensure the district will be able to file federal and state financial reports on a timely basis.

## 5-0240.00 REVENUES FROM FEDERAL AND STATE GRANTS (cont'd)

Districts may record grant revenue when cash is received and adjust grant revenues at fiscal year-end to equal the grant expenditures recorded in the current fiscal year. At year-end, the district will either have expended an amount for which it anticipates the grantor will reimburse the district, or will have received funds which will not be expended until the next fiscal year. Districts should record revenue for unreimbursed expenditures from Federal and state grants and should defer the unexpended balance of revenues received in advance. **Federal and state grants are considered revenues in the fiscal year they are expended.**

Section 20-9-507, MCA requires federal or state grant money, except Federal Impact Aid (Title VIII) and any grants designated for deposit in a specified fund of the district, must be deposited in the Miscellaneous Programs Fund (15).

**NOTE: Federal Impact Aid (Title VIII) money is an entitlement, rather than a federal grant, and as such is not subject to accounting procedures discussed in this section.** Record Title VIII revenue when it is measurable and available. **Do not** adjust for deferred revenue or reimbursable expenditures as shown for regular grants in the following sections.

### 5-0240.10 RECORDING STATE AND FEDERAL GRANT REVENUES

#### 5-0240.20 ADVANCE-TYPE GRANTS

Most grants received by Montana school districts are distributed in advance of grant expenditures. If the grant closes June 30, unspent grant receipts must be refunded to the grantor. If the grant closes later than June 30, (usually September 30), the unspent grant receipts at June 30 may still be spent in the next fiscal year. However, GAAP requires that grant revenues be recorded in the year the money is spent. For that reason, unspent grant receipts at June 30 which were previously recorded as revenue when received must be removed from current revenue and recorded either as a payable to the grantor or as a deferred revenue, which will be spent in the next fiscal year. The entries below show accounting procedures for both situations.

#### To record cash received for advance-type grants during the year:

Debit: 101	Cash	\$50,000
Credit: 402	Revenue	\$50,000
Revenue Subsidiary Ledger		
X15-XXXX-XXX	Any appropriate revenue source	\$50,000
(To record receipt of Federal or state grant cash revenue.)		

**At fiscal year-end, to adjust revenue for unspent grant money of a June 30 closing grant:** Unspent grant money must be refunded to the grantor when the grant closes. Record the amount due to the grantor as a reduction of grant revenue and a liability. For example, assume the district received \$50,000 in grant revenue in the current year, expended \$48,000, and owed the grantor a refund of the \$2000 unspent at June 30.

Debit: 402	Revenues	\$2,000
Credit: 611	Due to Other Governments	\$2,000
Revenue Subsidiary Ledger		
X15-XXXX-XXX	Source used to record the receipt of grant revenue	(\$2,000)

(To record the reduction of grant revenue which will be refunded to the grantor. This entry assumes the district previously recorded this money as revenue of the current year. **NOTE: This section only pertains to unspent grant revenue required to be refunded. For refunds required because of questioned or disallowed costs discovered in audits, etc., contact grant accountants or GAAP accounting at OPI.**

**5-0240.20      ADVANCE-TYPE GRANTS (Cont'd)**

If the refund was issued to the grantor by June 30, there is no liability to the grantor; reduce revenue and credit 620 Warrants Payable or 101 Cash to record the payment.)

**To record the refund paid to the grantor in the next fiscal year for the liability recorded in the entry above:**

Debit: 611	Due to Other Governments	\$2,000
Credit: 101	Cash	\$2,000

(To record the refund payment to the grantor.)

**At fiscal year-end, to adjust revenue for a grant which closes later than June 30:** Generally, the balance of Federal and state grant moneys received in advance of expenditures must be recorded as deferred revenue at fiscal year end. For example, assume the district spent \$48,000 of the \$50,000 received. The unspent receipts will be spent in the next fiscal year.

Debit: 402	Revenues	\$2,000
Credit: 680	Deferred Revenues	\$2,000

Revenue Subsidiary Ledger

X15-XXX-XXX	Source originally recorded when cash was received	(\$2,000)
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(To reduce grant revenue and record deferral of the revenue for advances on grants from the Federal or state government. This entry assumes the receipt of cash was recorded as revenue during the current year.)

**In the next fiscal year, to reverse the deferral entry above:**

Debit: 680	Deferred Revenues	\$2,000
Credit: 402	Revenues	\$2,000

Revenue Subsidiary Ledger

X15-XXX-XXX	Any appropriate grant revenue source	\$2,000
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(To reverse the deferral of revenues for grant money received in advance of expenditures. This entry reduces the deferred revenue balance to zero and records the grant money as revenue in the current year.)

**To record a mid-year refund of a grant which closed during the current year:** For example, assume the district did not spend \$1,500 of IDEA-PART B funds for the project ended September 30. Assume the \$1,500 was previously recorded as revenue for the current year. In November, the refund must be paid.

Debit: 402	Revenue	\$1,500
Credit: 620 or 101	Warrants Payable or Cash	\$1,500

Revenue Subsidiary Ledger

X15-4560-333	IDEA-PART B	(\$1,500)
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(To reduce the grant revenue because the amount must be refunded to the grantor. Only the amount of revenue spent within the current year is shown as current revenue according to GAAP.)

**To record the refund of grant money for a grant from a previous year:** Refunds to grantors should be made in a timely manner. However, if it is necessary to refund unspent grant money which was recorded as grant revenue in a prior year, the district should record an adjustment to beginning fund balance by recording a reduction of revenue source 6100 Material Prior Period Revenue Adjustments. For example, assume a grant from the prior fiscal year is found to have made a disallowed expenditure and the grant requires a refund. The district refunded the amount to the grantor in the current fiscal year.

Debit: 402	Revenue	\$4,500
Credit: 620 or 101	Warrants Payable or Cash	\$4,500

Revenue Subsidiary Ledger

X15-6100-XXX	Material Prior Year Revenue Adjustments	(\$4,500)
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(To record the reduction of prior year revenue. Note the project reporter which identifies the original grant award. An **immaterial refund** may be recorded as a reduction of the revenue source originally used for the grant revenue.)

**5-0240.30 REIMBURSEMENT-TYPE GRANTS**

Grants for which the district must claim reimbursement for grant expenditures are considered reimbursement-type grants.

The following entries apply if the district has expenditures which will be reimbursed by the program. If the expenditures will not be reimbursed because the expenditures were not allowable or the district overexpended the grant award amount, the procedures below do not apply. The district must absorb the unreimbursable costs into the General, Impact Aid, or other appropriate fund for the current year.

**To record the receipt of cash during the year for reimbursement-type grants:**

Debit: 101	Cash	\$19,000
Credit: 402	Revenue	\$19,000

Revenue Subsidiary Ledger  
X15-XXXX-XXX Any appropriate grant revenue source \$19,000  
(To record receipt of Federal or state grant cash which should equal expenditures incurred.)

At fiscal year-end, determine the amount of unreimbursed expenditures for which the district expects to receive reimbursement from the grantor.

**At fiscal year-end, to record reimbursable grant revenue:** For example, assume the district's expenditures are \$20,000 for the grant for the current year. Cash received and recorded as revenue during the year totalled \$19,000 as of June 30. The district submitted a claim for \$1,000 (\$20,000 - \$19,000).

Debit: 180	Due from Other Governments	\$1,000
Credit: 402	Revenue	\$1,000

Revenue Subsidiary Ledger  
X15-XXXX-XXX Any appropriate grant revenue source \$1,000  
(To accrue Federal or state grant revenue for amounts expended but not reimbursed as of June 30. This entry results in equalizing grant revenue and expenditures on the accounting records.)

**To record the full reimbursement received in the next year:**

Debit: 101	Cash	\$1,000
Credit: 180	Due from Other Governments	\$1,000

(To record receipt of reimbursement for grant expenditures recorded in the previous year, for which revenue was accrued in the previous year.)

**To record the reimbursement received in the next year if the reimbursement is less than accrued:** Record the deficit as a reduction of current revenue. For example, assume only \$900 was received for the accrual of \$1,000.

Debit: 101	Cash	\$ 900
Debit: 402	Revenue	\$ 100
Credit: 180	Due from Other Governments	\$1,000

Revenue Subsidiary Ledger  
X15-6100-XXX Material Prior Period Revenue Adjustment (\$ 100)  
(To record the receipt of a grant reimbursement and reduction of grant revenue. THIS ENTRY SHOULD BE RECORDED IN REVENUE SOURCE 6100 MATERIAL PRIOR PERIOD REVENUE ADJUSTMENTS.)

**5-0240.30 REIMBURSEMENT-TYPE GRANTS (cont'd)**

**When the grant account spent money that will not be reimbursed by the grant,** record a journal voucher (JV) transaction to absorb the excess expenditures in the General, Impact Aid, or other appropriate fund:

Fund 15

Debit: 101                      Cash                                      \$100

Credit: 802                      Expenditures                                      \$100

Expenditures Subsidiary Ledger

X15-999-9999-892-XXX                                      (\$100)

(To reduce the grant expenditures recorded in the prior year. Use the project reporter of the original grant.)

General, Impact Aid, or other appropriate fund

Debit: 802                      Expenditures                                      \$100

Credit: 101                      Cash    \$100

Expenditures Subsidiary Ledger

XXX-999-9999-892                                      \$100

(To record the expenditure in the fund that would have paid it if the grant was not used.)

**5-0250.00 REVENUES FROM OTHER DISTRICTS/STATE AND COUNTY GOVERNMENTS**

Districts normally receive revenues from the state and county and may receive revenues from other districts. State revenues include Direct State Aid, State GTB, etc. County revenues include the Transportation and Retirement Distributions. Revenues from other districts may include tuition and rental of buildings or facilities. Some county treasurers use all of the OPI revenue source numbers found in Section 3-0500. However, some treasurers simply use a miscellaneous revenue account to account for all non-tax revenue. In this case, it is the responsibility of the business official to code revenues correctly. Be sure to review annual OPI General Fund Budget Overview and Worksheets and Budget Instructions to correctly budget non-tax revenues.

**To record the receipt of revenue from other governments during the year:** For example, assume the district's State Transportation Aid is \$400,000 for the year. During the year, \$370,000 is received.

Transportation Fund (10)

Debit: 101                      Cash    \$370,000

Credit: 402                      Revenue    \$370,000

Revenue Subsidiary Ledger

X01-3210                      State Transportation Aid                                      \$370,000

(To record the receipt of revenues from another district, the state, or the county.)

At fiscal year-end, if uncollected income attributable to the current fiscal year meets the GAAP criteria for recording revenue as discussed in section 5-0210.20, the district should record revenue and a receivable for the amount due from state, county or other district as shown in the following entry.

**At fiscal year end, to record revenue receivable from the state, county, or another district:** For example, assume the district has not received the final distribution of State Transportation Aid related to the entry above.

General Fund (01)

Debit: 180                      Due from Other Governments                                      \$ 30,000

Credit: 402                      Revenue    \$ 30,000

Revenue Subsidiary Ledger

X01-3210                      State Transportation Aid                                      \$ 30,000

(To record revenue which is receivable from another government at June 30.)

**5-0250.00 REVENUES FROM OTHER DISTRICTS/STATE AND COUNTY GOVERNMENTS (cont'd)**

**To record the payment received in the next fiscal year:**

General Fund (01)

Debit: 101                      Cash    \$ 30,000

Credit: 180                      Due from Other Governments                                      \$ 30,000

(To record receipt of revenue recorded as a receivable and revenue from another government at fiscal year-end. This entry reduces the receivable balance.)

**5-0260.00 REFUNDS OF NON-TAX REVENUES**

Non-tax revenue refunds will normally be rare and small in amount. The refunds are recorded as reductions of previously recorded revenues ("revenue abatements") from sources other than taxes. For example, if the district issues a refund warrant for lunch tickets after the revenue has been recorded, the refund would be recorded as a reduction of revenue from lunch ticket sales.

A material refund should be recorded as an adjustment to beginning fund balance using source 6100.

**5-0260.10 RECORDING NON-TAX REVENUE REFUNDS**

Also see section 5-0240.00, "REVENUES FROM FEDERAL AND STATE GRANTS" and section 5-0280.00, "PRIOR PERIOD REVENUE ADJUSTMENTS" for refunds of revenues other than taxes.

**To record a refund of non-tax revenue recorded in the current year OR an IMMATERIAL non-tax revenue recorded in the prior year:** For example, assume the district issues a refund for lunch tickets. Reduce the revenue which was originally recorded.

School Lunch Fund (12)

Debit: 402                      Revenues    \$15

Credit: 620 or 101                      Warrants Payable or Cash                                      \$15

Revenue Subsidiary Ledger

X12-1611                      Reimbursable Lunch-Daily Sales (Reduce the source  
of revenue where the receipt was originally recorded) (\$15)

(To record the warrant issued to reimburse a student for lunch tickets.)

Rarely will a refund of prior year revenue be material in relation to the fund balance of the affected fund. However, GAAP requires special accounting procedures for material refunds of prior year revenues. OPI suggests an amount which is 5% or more of the anticipated ending fund balance of the affected fund should be considered material. If the amount of a refund of revenue recorded in the prior year is significant, the district must record the refund as an adjustment to beginning fund balance.

### 5-0260.10 RECORDING NON-TAX REVENUE REFUNDS (cont'd)

**To record a material refund of non-tax revenue recorded in the prior year:** For example, assume the district must refund State Transportation revenue received in the prior fiscal year. The amount was distributed to the district in error.

Debit: 402	Revenue	\$20,000
Credit: 620 or 101	Warrants Payable or Cash	\$20,000
Revenue Subsidiary Ledger		
X10-6100	Prior Period Revenue Adjustments	(\$20,000)

(To record the adjustment of prior year revenue. This entry reduces the 6100 account.)

### 5-0270.00 RECORDING DIFFERENCES BETWEEN REVENUES ACCRUED AND RECEIVED

In some instances, the amount of revenue received in the next fiscal year will differ from the amount of revenue accrued at fiscal year-end. The method used to record differences is determined by the relative size of the difference. Small or immaterial differences may be credited to a current revenues account or to 6100 Prior Period Revenue Adjustments. Large or material differences must be recorded as adjustments to revenue source 6100 Prior Period Revenue Adjustments. Be sure to have an explanation for the auditor for all items in the 6100 account.

### 5-0270.10 IMMATERIAL DIFFERENCES BETWEEN REVENUES ACCRUED AND RECEIVED

**To record the receipt of revenues slightly less than the amount accrued:** For example, assume the amount accrued for tuition revenue was \$1,000. The correct amount received is \$980.

Debit: 101	Cash	\$ 980
Debit: 402	Revenue	\$ 20
Credit: 180	Due from Other Governments	\$1,000
Revenue Subsidiary Ledger		
X01-1320	School Tuition Within State	(\$20)

(To reduce the current year tuition revenue by the immaterial amount overaccrued in the prior year.)

**To record the receipt of revenues slightly greater than the amount accrued:** For example, assume the Direct State Aid accrual for June was \$6,700 but was accidentally overcalculated. The amount received was \$6,750.

Debit: 101	Cash	\$6,750
Credit: 402	Revenue	\$ 50
Credit: 180	Due from Other Governments	\$6,700
Revenue Subsidiary Ledger		
X01-3110	Direct State Aid	\$ 50

(To record the receipt of cash, reduce the receivable recorded at the previous fiscal year-end, and record the excess receipts as current revenue.)

## 5-0270.20 MATERIAL DIFFERENCES BETWEEN REVENUES ACCRUED AND RECEIVED

**To record the receipt of revenue which is materially less than the amount accrued:** For example, assume the district accrued \$23,000 for a June Direct State Aid payment not received by June 30. The accrual should have been for \$2,300. The district received \$2,300.

Debit: 101	Cash	\$ 2,300
Debit: 420	Revenue	\$20,700
Credit: 180	Due from Other Governments	\$23,000
Revenue Subsidiary Ledger		
X01-6100	Prior Period Revenue Adjustments	(\$20,700)

(To record the cash received, reduce the receivable, and record the adjustment to prior year revenue. The balance of the 6100 account is reported on the Trustees' Financial Summary and on GAAP financial statements as an adjustment to beginning fund balance. The amount does not reduce current revenue. Federal or state grant money should be identified using project reporters.)

**To record the receipt of revenue which is materially greater than the amount accrued:** For example, assume the district accrued \$170 for a June state school food reimbursement payment not received by June 30. The accrual should have been for \$17,000.

Debit: 101	Cash	\$17,000
Credit: 420	Revenue	\$16,830
Credit: 180	Due from Other Governments	\$ 170
Revenue Subsidiary Ledger		
X12-6100	Prior Period Revenue Adjustments	\$16,830

(To record the cash received, reduce the receivable, and record the adjustment to prior year revenue. The balance of the 6100 account is reported on the Trustees' Financial Summary and on GAAP financial statements as an adjustment to beginning fund balance. The amount is not included in current revenue. Federal or state grant money should be identified using project reporters.)

## 5-0280.00 PRIOR PERIOD REVENUE ADJUSTMENTS

GAAP requires that material adjustments of revenue applicable to the prior year must be reported as adjustments to the beginning fund balance in the year of correction. **NOTE: Adjustments shown in this section should rarely be necessary because of the rarity of revenue accruals and material errors.**

Revenues increase the fund balance of the current year. If a district fails to record a material amount of current revenue in the year it should be recorded, the ending fund balance for that year will be understated. The beginning fund balance of the next year is therefore also understated. Likewise, if the district accrues a material amount as revenue in one year which properly belongs in the next year, the ending fund balance (and beginning fund balance of the next year) will be overstated. For that reason, when material adjustments of revenue recorded in a prior year are necessary, the following entries should be used.

**5-0280.00 PRIOR PERIOD REVENUE ADJUSTMENTS (cont'd)**

**To record the receipt of a material amount of revenue applicable to the prior year:** For example, assume the district's June Direct State Aid payment of \$20,000 was distributed to another district in error. The payment should have been recorded as revenue in the prior year but was overlooked (i.e., the receivable is zero. Record the receipt as a prior year revenue adjustment.

Debit: 101	Cash	\$20,000
Credit: 402	Revenue	\$20,000
Revenue Subsidiary Ledger		
X01-6100	Material Prior Period Revenue Adjustments	\$20,000

(To record the receipt of revenue which should have been accrued in the prior year. The adjustment in revenue source 6100 is shown on the Trustees' Financial Summary and GAAP financial statements as an adjustment to beginning fund balance. The amount is not included in current revenue. Federal or state grant money should be identified using project reporters.)

**To record the adjustment for revenue recorded in the prior year which was not applicable to that year:** For example, assume the district received a payment of \$40,000 of Direct State Aid last year. The distribution was made in error. The amount must be refunded in the current year.

Debit: 402	Revenue	\$40,000
Credit: 620 or 101	Warrants Payable or Cash	\$40,000
Revenue Subsidiary Ledger		
X01-6100	Material Prior Period Revenue Adjustments	\$40,000

(To record the amount refunded as an adjustment to prior year revenues. The adjustment in revenue source 6100 is shown on the Trustees' Financial Summary and GAAP financial statements as an adjustment to beginning fund balance. The amount does not reduce current revenue. Federal or state grant money should be identified using project reporters.)