Accounting for Restricted Funds

Accounting for Federal Grants/Allocations

All related accounts (e.g., revenue, expenditure, advances from grantors, accounts receivable) must contain both the Federal Project code (4XXX) and, if applicable, the Program code assigned by the DE.

- For Federal grants that advance fund the program (e.g., Title V, Title VI):
    - If the district has received and expended its entire allocation:
        - No journal entries required
            - Project Code Expenditures = Project Code Revenues
    - If the district has received but not expended its entire allocation, the remaining (carryover) is considered advances from grantors. If not received or expended by June 30, it is activity in the year received.
        - Record the carryover as advances from grantors:
            - Debit revenue (Fund XX, Source 4XXX, Project 4XXX, Program XXX)
            - Credit advances from grantors (Fund XX, Account 481, Project 4XXX, Program XXX)
            - Project Code Expenditures = Project Code Revenues
        - Record succeeding year recognition of revenue as funds are expended:
            - Debit advances from grantors (Fund XX, Account 481, Project 4XXX, Program XXX)
            - Credit revenue (Fund XX, Source 4XXX, Project 4XXX, Program XXX)
                - Project Code Expenditures = Project Code Revenues

- For Federal grants that reimburse expenditures (e.g., Title I, Title IIA):
    - **Example A.** The district contributes no general program dollars to the program. The total Title I allocation is $100,000. The district has expended $100,000, received to-date $85,000, and received the final $15,000 payment prior to September 1 following the end of the fiscal year.
        - Record accounts receivable for $15,000
            - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 43X)
            - Credit revenue (Fund 10, Source 4501, Project 4501, Program 43X)
                - Project Code Expenditures = Project Code Revenues
    - **Example B.** The district expends an additional $10,000 of general program dollars for the program. The total Title I allocation is $100,000. The district has expended $110,000 on the program, received to-date $85,000, and received the final $15,000 payment prior to September 1 following the end of the fiscal year.
        - Record accounts receivable for $15,000
            - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 43X)
            - Credit revenue (Fund 10, Source 4501, Project 4501, Program 43X)
        - General journal entry to reclassify $10,000 of expenditures to general program project code:
            - Debit general program project expenditures (10-XXXX-1000-4**3X**-0000-121) for $10,000 (note: the expenditure account still includes the Title I Program Code of 43X, but not the Title I Project Code. A district-assigned project code between 8000 and 9999 can be used instead of 0000, if desired.)
            - Credit Title I project expenditures (10-XXXX-1000-43X-4501-121)
                - Project Code Expenditures = Project Code Revenues
                - Program Code Expenditures = Total spent on Program

- o **Example C.** The district does not expend its entire allocation on the program. The total Title I allocation is $100,000. The district has expended $90,000 on the program and plans to carry the additional $10,000 allocation to the following fiscal year. The district has received to-date $85,000 and received the final $5,000 payment prior to September 1 following the end of the fiscal year.
  - Record accounts receivable for $5,000
    - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 43X)
    - Credit revenue (Fund 10, Source 4501, Project 4501, Program 43X)
      - Project Code Expenditures = Project Code Revenues
  - The $10,000 carryover is a paper carryover and is not recorded on the books until the following year when received and expended even if received prior to September 1.

- o **Example D.** The project period extends over multiple fiscal years (e.g. Public Assistance Grants (FEMA Disaster Assistance Grant)). The anticipated project cost is $100,000, with the Federal grant portion of $75,000 (project 4566), the state share of $15,000 (project 3272), and the local share of $10,000 (project 8xxx or 9xxx), with PPEL providing the local match. The district has expenditures of $60,000 in the current fiscal year. The district applies for a reimbursement of $54,000 ($45,000 federal and $9,000 state) but does not receive the funds until October of the following fiscal year (beyond the 60 day revenue recognition period).
  - Current fiscal year:
    - Record an accounts receivable and deferred inflow of resources for $54,000:
      - Debit accounts receivable (Fund 36, Account 141, Project 4566, Program 000) for $45,000
      - Debit accounts receivable (Fund 36, Account 141, Project 3272, Program 000) for $9,000
      - Credit deferred inflow of resources (Fund 36, Account 623, Project 4566, Program 000) for $45,000
      - Credit deferred inflow of resources (Fund 36, Account 623, Project 3272, Program 000) for $9,000
        - Project Code Expenditures = Project Code Deferred Inflow (receivable not received within revenue recognition period) for the state and federal funds
        - The district will use a district-assigned project code between 8000 and 9999 to identify the $6,000 local portion expenditures

  - Following fiscal year:
    - Record receipt of funds for $54,000:
      - Debit cash (Fund 36, Account 101, Project 0000, Program 000)
      - Credit accounts receivable (Fund 36, Account 141, Project 4566, Program 000) for $45,000
      - Credit accounts receivable (Fund 36, Account 141, Project 3272, Program 000) for $9,000

- Record revenues for $54,000:
    - Debit deferred inflow of resources (Fund 36, Account 623, Project 4566, Program 000) for $45,000
    - Debit deferred inflow of resources (Fund 36, Account 623, Project 3272, Program 000) for $9,000
    - Credit revenue (Fund 36, Source 4566, Project 4566, Program 000) for $45,000
    - Credit revenue (Fund 36, Source 3272, Project 3272, Program 000) for $9,000
        - Project Code Expenditures = Project Code Revenues – PY Project Code Deferred Inflow

Accounting for State Grants/Allocations

All related accounts (e.g., revenue, expenditure, accounts receivable, restricted fund balance) must contain both the State Project code (3XXX) and, if applicable, the Program code assigned by the DE.

Grant/Allocation expenditures cannot exceed the total of current year revenues plus prior year carryover.

- If the district has received and expended its entire allocation:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
    - There will be no current year restricted fund balance
- If the district has received but not expended its entire allocation, the remaining balance (carryover) is considered a restricted fund balance:
  - Record the carryover as a restricted fund balance
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program XXX)
    - Credit restricted fund balance (Fund XX, Account 729, Project 3XXX, Program XXX)
      - Expenditures < Revenues + Prior Year Restricted Fund Balance (if any)
      - Carryover = Revenues + Prior Year Restricted Fund Balance – Expenditures
- If the district has expenditures in excess of the total of its current year revenues plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program XXX, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program XXX, Project 3XXX, Object XXX)
      - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Project Expenditures = Project Revenues + Prior Year Restricted Fund Balance (if any)
      - There will be no current year restricted fund balance

Accounting for Local Grants/Allocations/Restricted Funds

Accounting for Categorical Budgetary Allocations within the Foundation Formula

Several Restricted Funding sources are included on the Aid & Levy worksheet and are funded by a combination of Property Tax and State Aid that is part of the School Foundation Formula. These sources include, but are not limited to:

- Gifted and Talented Program (TAG) – Project 1118, Program 47X
- Returning Dropout/Dropout Prevention Program – Project 1119, Program 42X
- Limited English Proficient Program Weighted Funding (LEP) – Project 1112, Program 41X
- At-Risk Program Weighted Funding – Project 1116, Program 42X
- Home School Assistance Program (HSAP) – Project 1113, Program XXX

Projects for Budgetary Allocations that are exclusively State Aid, such as

- Special Education weighting funding – Projects 330X
- Early Intervention – Project 3216
- Statewide Voluntary 4-year-old preschool – Project 3117

Accounting for Gifted and Talented Program (TAG):

- The TAG project includes both the 75% portion and the 25% required local match.
  - Account for all TAG transactions within the General Fund
  - TAG allocations can be found on the DE's website, Gifted and Talented
  - Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website above. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
    - Use Source codes 192X or 642X for revenues from local donations
  - Program code:
    - Use Program codes 47x for all related accounts
  - Project code:
    - Use Project code 1118 except as noted below:
      - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program 47X)
      - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations.
      - Use project code 0000 for the portion of expenditures paid with local district general purpose resources (expenditures that exceed all other funding sources)

- TAG expenditures charged to Project 1118 cannot exceed the total of current year revenues plus prior year carryover (restricted fund balance).

- If the district has expended its entire allocation:
  - No journal entries required
  - Project Expenditures = Project Revenues + Prior Year Restricted Fund Balance (if any)
  - There will be no current year restricted fund balance

- o If the district has not expended its entire allocation, the remaining balance (carryover) is considered a Restricted Fund Balance:
    - ▪ Record the carryover as a restricted fund balance:
        - • Debit fund balance (Fund XX, Account 759, Project XXXX, Program 47X)
        - • Credit restricted fund balance (Fund XX, Account 729, Project 1118, Program 47X)
            - o Project Expenditures < Project Revenues + Prior Year Restricted Fund Balance (if any)
            - o Carryover = Revenues + Prior Year Restricted Fund Balance – Expenditures

- o If the district has expenditures in excess of the total of its current year allocation plus its prior year carryover:
    - ▪ Record the additional expenditures as funded by general program dollars:
        - • Debit expenditures (Fund XX, Function XXXX, Program 47X, Project XXXX, Object XXX)
        - • Credit expenditures (Fund XX, Function XXXX, Program 47X, Project 1118, Object XXX) (note: the expenditure account still includes the TAG Program Code of 47X but not the TAG Project Code)