

Starting Point

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- Double-entry accounting
- Total debits = total credits
- Might be more than 2 accounts in one entry



Rule of Thumb

- Cash and other assets
 - If increasing, debit
 - If decreasing, credit
 - Opposite of bank statement



Trial Balance

- Assets and Liabilities on top
- Funds next
- Then operating accounts
 - 4000's receipts (generally)
 - 5000's disbursements
 - PERAC Accounting Manual has chart of accounts

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Trial Balance (Cont'd)

- Why is total \$0?
 - Funds and liabilities have credit balances
 - Offset the assets' debit balances
 - Note that total debits = total credits



Cash Books

- Cash Receipts
- Cash Disbursements
- Adjusting Journal Entries
- All 3 contained in General Ledger
- Trial Balance



Cash Receipts

- Cash increases, so always debited
- Other account involved always credited
- Want good transaction descriptions
- All entries should be a receipt of cash



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- Cash decreases, so always credited
- Other account involved always debited
- Again, want good descriptions
- All entries should be a disbursement of cash



Adjusting Journal Entries

Do not involve cash



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- Member paying make-up in installments
 - Follows Board policy?
- Known receipts
 - 3(8)(c)s
- Look at the cash balance
 - How much will be needed?
 - Where does it come from?
 - Board aware of transfers?



March

- First month with investment accounting
 - All pooled funds
 - All quarterly manager statements
- Long-standing accounts
 - Gains and losses
 - Income and fees



Investments

- Newer ledger accounts
 - Carried interest
 - Equalization expenses
 - Miscellaneous fees
- Could be a series of entries all involving the asset
- Asset entries could also be combined



April

- Real estate manager's quarterly statement
- Less liquid investments take longer to value

April Cash Receipts

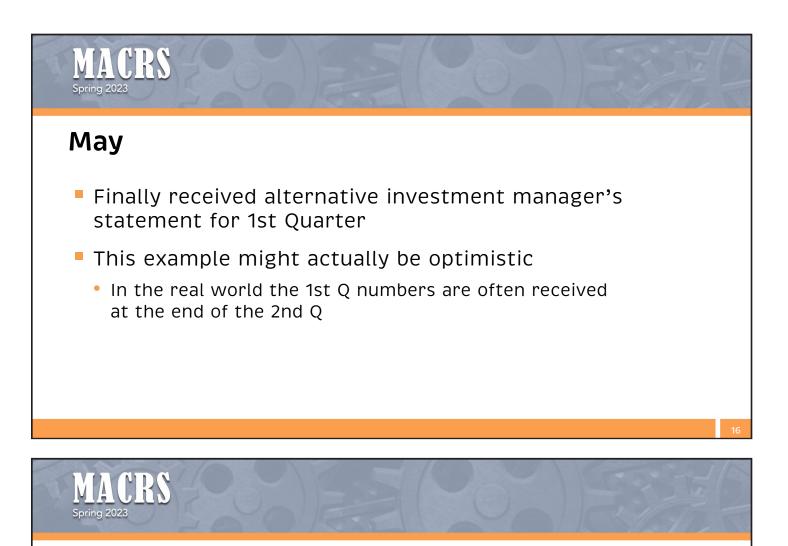
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- Appropriation received
 - Timing agrees with funding schedule?
 - Effect on cash balance
 - Leave in cash or invest?

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April Adjusting Journal Entries

- Correcting entry
 - Disbursement originally booked to wrong ledger account
 - $\circ~$ 5320 on TB has both debits and credits
 - No cash involved- already paid
 - No need to reverse the original entry
 - Two entries needed if reversing debits and credits



May Cash Receipts

- Miscellaneous Income
 - Used for receipts not covered by the other accounts
 - Writing off old payables
 - Bank errors in the system's favor
 - Usually small and infrequent



- Trial balance not \$0 at bottom
- Adjusting journal has many entries with "correcting" in the description
- Accounts not being used that should be
 - State COLA

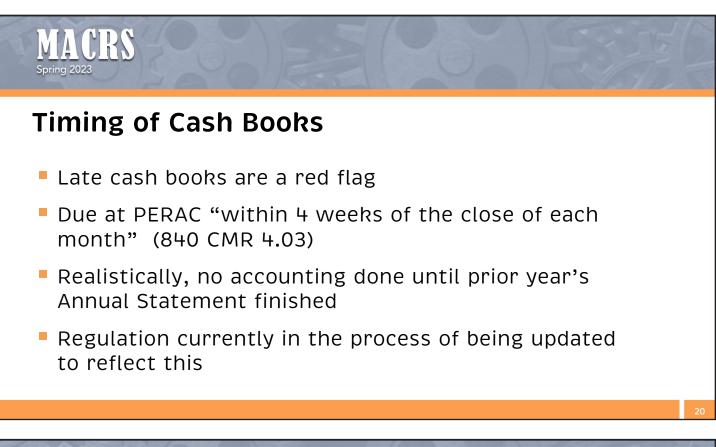
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expenses that were on warrant



Things to Watch For (Cont'd)

- Vague descriptions
- Negative debits or credits





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