

CHAPTER 16

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the purchase or construction of major capital facilities not properly accounted for in the Enterprise Funds and Special Assessment Funds. Capital Projects Funds are generally not used to account for the acquisition of furniture, fixtures, equipment or other relatively short-lived assets.

A clear distinction should be made between Capital*Projects, which are projects for the construction of major facilities such as a new Town or City Hall, and capital outlay expenditures, which are for the purchase of relatively short-lived assets such as those referred to above. Capital projects may be distinguished by at least one, and usually all, of the following characteristics, while capital outlay expenditures normally have none of them:

- Financing provided in whole or in part by the issuance of bonds
- Expenditures made during more than one fiscal year
- Expenditures are 'project-oriented,' (thus, not a regular part of the ongoing operations of the local unit of government)

In Massachusetts, Capital Projects Funds have previously been known as 'non-revenue' projects. Additionally, many capital projects in recent years have been for Enterprise Funds (such as construction of a wastewater treatment plant) and would, therefore, be accounted for in those funds.

Generally, a separate fund is required for each project. This is particularly important when projects are funded in full or in part by bond issues or intergovernmental revenues in order to demonstrate that proceeds have been used for intended purposes. However, when a group of related projects is financed in whole or in part by a single bond issue, a single fund may be used to account for all related projects.

Budget

As with other governmental funds, the budget for capital Projects will be integrated into the accounting records. In Massachusetts where the project authorization is generally for the entire project rather than on the portion of the project to be completed in the particular fiscal year, a memorandum entry should be made to record the total authorized project costs. An estimate should then be made of the costs and revenues to be realized during the fiscal year and a budget entry made to reflect this estimate. It is necessary, at this time, to make this estimate of annual activity because, as pointed out above, the focus of control in Massachusetts has always been on the entire project, rather than on the portion of a project which will be completed in a fiscal year. The budget estimate will facilitate year-end reporting of budget and actual costs and revenues by capital project funds.

Capital Project Accounting

As with the other governmental funds, the basis of accounting on which capital project funds will be reported will be the modified accrual basis. During the fiscal year, however, revenue will be fully reserved until collected, and expenditures will be recorded as disbursed. Year-end adjusting entries will be recorded where amounts involved are material to the financial statements to reflect the books on a modified accrual basis.

Many capital projects are partially financed by State or Federal grants. In order to maintain control over these items, the grant award should be recorded in a memorandum entry when official, formal notification of the grant is received from the granting agency. If Emergency Finance Board approval is also required (Chapter 74, Acts of 1945), this should be obtained before recording the grant. The receivable will be recorded when terms of the grant have been satisfied and application for funds, if required, has been submitted.

The accounting for temporary loans in anticipation of either grant reimbursement or long-term debt proceeds requires special comment. Since expenditures in capital projects are generally made prior to the time that grant revenues or bond proceeds are received, it could be expected that the projects' operations would result in a deficit fund balance. If this situation should occur, such a deficit and the reasons for it should be shown as a footnote to the financial statements.

At the completion of the project, unused bond proceeds may be reallocated pursuant to Chapter 44, Section 20, Massachusetts General Laws. In brief, this allows the unused funds to be appropriated for any purpose for which the municipality could normally borrow for an equal or longer period of time; or, if the amount is less than \$1,000, it may be used to reduce the principal of the capital project borrowing. This transfer is shown as the third year's transaction.

Although a fixed asset group of accounts is not presently required under the uniform system, a permanent record should be retained by each municipality setting forth the details of each capital project completed. This record should include a description of the project, authorization date, completion date, authorized cost, and full details relating to the financing of the project and its actual cost.

Interest earned in the fund on the investment of idle cash is payable to the General Fund (Section 53, Chapter 44, Massachusetts General Laws). Such interest will, however, be recorded as revenue in the fund as received or accrued. At the same time the liability to the General Fund should be established and the accrual or payment of such amounts should be classified as another financing use.

Interest incurred on temporary borrowing by a capital project will be funded by an appropriation from taxation. The appropriation and expenditure of such interest will be recorded as part of the capital project.

Illustrative Journal Entries

The journal entries in the remainder of this chapter illustrate Capital Projects Fund accounting for a project involving the construction of a new fire station which is to be completed over two fiscal years. Other facts related to the project include the following:

- Total project cost approved by the appropriate authority is \$10,000,000.

- Financing to be provided from:
 - Initially through temporary borrowing
 - \$5,000,000 from bonds which are expected to be issued at the end of the first year
 - 50% from Federal grant reimbursements
- Plans call for awarding the total project to a single contractor to simplify management responsibilities.
- The contract to be awarded will include a 10% hold-back pending satisfactory completion of the project.
- Appropriations of \$100,000 in the first year and \$150,000 in the second year are made for the payment of interest on temporary loans.

Accounting for the activities of the Capital Projects Fund is depicted through a series of journal entries in the following pages. They are presented in the following sequence:

First Year's Transactions

Memorandum Entries
 Budget Entries
 Temporary Borrowing
 Operating Transfers
 Project Expenditures
 Project Revenues
 Grants
 Serial Bond issues with Premium
 Investment of Excess Cash
 Encumbrances
 Miscellaneous Entries
 Year-end Adjusting Entries
 Closing Entries
 Closing Trial Balance

Second Year's Transactions

Opening Entries
 Budget Entries
 Operating Transfers
 Change Orders
 Project Expenditures and Encumbrances
 Project Revenues
 Temporary Borrowing
 Investment of Excess Cash
 Closing Entries
 Closing Trial Balance

Third Year's Transactions

Opening Entries
 Budget Entries
 Operating Transfers
 Closing Entries

First Year of the Project

Memorandum Entries

The following four memorandum accounts are used in this fund and will be explained later in the chapter:

30-1951	Project Authorized
30-1959	Project Authorized - Not Completed
30-1941	State and Federal Grants Awarded
30-1949	State and Federal Grants Unbilled

Although memorandum entries are not required under the system, they are recommended. If memorandum entries are used, such accounts will appear on a trial balance of the fund's accounts, but should not be included in a balance sheet report. At the completion of the project, the memorandum entries should be reversed or otherwise closed out.

Budgetary Entries

- The focus of the budgetary entries in the capital projects fund is on the fiscal period. However, where projects are expected to take more than one year to complete, it will simplify the monitoring process if some record is also made of the total project cost at its inception. The following entry illustrates the memorandum entry made to record the total authorized cost for the project including \$100,000 for temporary interest during the first year of the project. This entry is not necessary if the project is to be completed in the current fiscal period.

30-1951	PROJECT AUTHORIZED	10,100,000	
30-1959	PROJECT AUTHORIZED - NOT COMPLETED		10,100,000

To record the total estimated cost of the project

- At the beginning of the fiscal year, the budget for the capital project should be recorded. The budget for this project has been prepared on the assumption that approximately one-half of the project will be completed in the first year, that \$100,000 has been appropriated for temporary interest on loans, that grant reimbursements for one-half of the expenditures incurred will be received, that \$100,000 will be transferred from the general fund, and that the serial bond issue which has been authorized will be issued.

30-1910	ESTIMATED REVENUE	2,500,000	
30-1912	ESTIMATED OTHER FINANCING SOURCES	5,100,000	
30-2910	APPROPRIATIONS		5,100,000
30-3190	BUDGETARY FUND BALANCE		2,500,000

To record the budget for the year

Subsidiary ledger entries are not illustrated in this chapter as they are maintained in the same manner as the general fund.

If during the fiscal year, expenditures exceed appropriations, then a supplemental appropriation entry should be made by debiting Budgetary Fund Balance and crediting Appropriations. An adjustment to Projects Authorized as in entry #3 should also be made.

3. The memorandum entry must now be reversed by the budgeted appropriation for the fiscal year.

30-1959	PROJECT AUTHORIZED - NOT COMPLETED	5,100,000	
30-1951	PROJECT AUTHORIZED		5,100,000

To adjust memorandum accounts
for fiscal budget recorded

When the bonds to be issued in connection with the project are authorized, an entry should be recorded in the Long-term Debt Account Group. See entry on page 20-3 for similar entry.

4. When the grant is awarded the following entry should be made:

30-1941	STATE AND FEDERAL GRANTS AWARDED	5,000,000	
30-1949	STATE AND FEDERAL GRANTS UNBILLED		5,000,000

To record the award of grants for the project

Temporary Borrowing

Short-term notes may be sold to finance the initial capital project expenditures pending bond issuance or grant reimbursement. To the extent that such borrowing are not immediately needed, the available cash should be invested.

5. Short-term borrowing is completed in anticipation of reimbursement from the Federal government and issuance of bonds.

30-1040	Cash - Unrestricted Checking	5,000,000	
30-2720	Bond Anticipation Notes Payable		2,500,000
30-2730	Reimbursement Anticipation Notes Payable		2,500,000

To record short-term borrowing to finance capital projects

Operating Transfers

6. Cash is transferred from the General Fund to be used on the Capital Project.

30-1040	Cash - Unrestricted Checking	100,000	
30-1922	Other Financing Sources		100,000

To record the transfer from the general fund

Note: See contra entry in the General Fund (entry #64 on page 14-34) which should be for \$100,000.

Project Expenditures

7. All expenditures should be made on an approved warrant. Expenditure entries remain the same whether or not an encumbrance system is used.

30-2920	Expenditures	500,000	
30-1040	Cash - Unrestricted Checking		450,000
30-2130	Contracts Payable - Retained Percentage		50,000

To record the expenditures per warrant #

Project Revenues

The financing of the project will be provided initially through short-term borrowing. Grant reimbursement requests will be submitted to the government as expenditures are incurred. Such amounts will be recorded as revenue when collected.

Grants

To minimize the interest expense associated with short-term borrowing for reimbursable type grants, such grants should be applied for as soon after incurring the expense as the grant terms allow.

8. The granting agency is billed for its share (50%) of the expenditures per the grant agreement.

30-1461	Due from Federal Government	250,000	
30-1469	Deferred Revenue - Governmental Receivables		250,000

To record the application to granting agency for reimbursement

9. The memorandum accounts are adjusted for the amount of the grant billed.

30-1949	STATE AND FEDERAL GRANTS UNBILLED	250,000	
30-1941	STATE AND FEDERAL GRANTS AWARDED		250,000
	To adjust for grant billed		

10. Cash is collected from the granting agency.

30-1040	Cash - Unrestricted Checking	250,000	
30-1461	Due from Federal Government		250,000
	To record collections on grant		

11. The revenue from the grant receipts is recorded.

30-1469	Deferred Revenue - Governmental Receivables	250,000	
30-1920	Revenue		250,000
	To record the revenue from grant receipts		

Serial Bond Issues

When serial bonds are issued, the liability is recorded in the Long-term Debt Group of Accounts (see entry #2, on page 20-3). At the same time an entry would be made in the Long-term Account Group to reverse the bonds authorized entry (see entry b, on page 20-3). The proceeds from the issues are reported in the Capital Projects Fund as another financing source.

12. Near the end of the year, bonds for this project are sold at a premium of \$40,000 over their face value and \$10,000 of accrued interest if received. The premium and accrued interest will be transferred to the Special Revenue Funds (Section 20, Chapter 44, Massachusetts General Laws in entry #13).

30-1040	Cash - Unrestricted Checking	5,050,000	
30-1922	Other Financing Sources		5,050,000
	To record the proceeds of bonds issued at a premium with accrued interest		

13. Cash is transferred to Special Revenue Fund for premium and accrued interest on bonds issued.

30-2922	Other Financing Uses	50,000	
30-1040	Cash - Unrestricted Checking		50,000
	To transfer cash to the special revenue funds		

Note: No contra entry is illustrated in the Other Special Revenue Fund.

14. The temporary loans in anticipation of bond issue are repaid along with related interest.

30-2720	Bond Anticipation Notes Payable	2,500,000	
30-2920	Expenditures (interest)	75,000	
30-1040	Cash - Unrestricted Checking		2,575,000

To record the repayment of temporary loans per warrant #

Investment of Excess Cash

15. Idle funds are invested in Certificates of Deposit.

30-1120	Certificates of Deposit	5,400,000	
30-1040	Cash - Unrestricted Checking		5,400,000

To record expenditures for investments
per warrant # _____

Although the Certificates of Deposit could have matured in the first year, for the purpose of this example, they did not mature until the second year.

16-9

Encumbrances

Generally when dealing with a capital project, purchase orders are not utilized; however, the amounts of contracts should be encumbered. When a signed contract is entered into, the full amount of the contract should be encumbered. The full amount of the contracts is encumbered, even though it may exceed the amount budgeted for the current year.

- 16.

30-2930	ENCUMBRANCES	9,800,000	
30-2931	RESERVE FOR ENCUMBRANCES		91600,000

To record the encumbrances for
capital projects contracts

17. The encumbrances must be canceled when invoices are received from the contractor for a portion of the work completed. Payment of the invoice referred to here has been illustrated in entry #7, previously.

30-2931	RESERVE FOR ENCUMBRANCES	500,000	
10-2930	ENCUMBRANCES		500,000

To cancel encumbrances for portion
of contract completed

Miscellaneous Entries

The following entries are provided with minimal explanation in order to allow users of the manual to duplicate, through "T" accounts, the balances used in determining the amounts for the closing entries. No subsidiary entries are provided here, although, in practice, they may be required.

18. Additional expenditures are paid.

30-2920	Expenditures	4,400,000	
30-1040	Cash - Unrestricted Checking		3,960,000
30-2130	Contracts Payable - Retained Percentage		440,000
To record expenditures for balance of year			

19. Additional encumbrances are canceled for vendor invoices received.

30-2931	RESERVE FOR ENCUMBRANCES	4,400,000	
30-2930	ENCUMBRANCES		4,400,000
To cancel encumbrances for contract work completed			

20. Additional reimbursement requests are made to granting agency.

30-1461	Due from Federal Government	2,200,000	
30-1469	Deferred Revenue - Governmental Receivables		2,200,000
To record reimbursement requests for balance of year			

21. Adjust memorandum accounts.

30-1949	STATE AND FEDERAL GRANTS UNBILLED	2,200,000	
30-1941	STATE AND FEDERAL GRANTS AWARDED		2,200,000
To adjust for grant billed			

22. Additional collections are made on grant receivables.

30-1040	Cash - Unrestricted Checking	2,200,000	
30-1461	Due from Federal Government		2,200,000
To record collection on grants for balance of year			

23. Additional revenue from grants is recognized.

30-1469	Deferred Revenue - Governmental Receivables	2,200,000	
30-1920	Revenue		2,200,000

To record revenue from grants
for balance of year

Adjusting Entries

24. Although the interest on certificates of deposit will not be collected until maturity, the interest which has been earned from the date of purchase to June 30 should be accrued and recognized as revenue in the current fiscal year.

30-1491	Accrued Interest Receivable	95,000	
30-1920	Revenue		95,000

To accrue interest receivable

25. The earnings from investments must be recorded as a liability to the General Fund. The actual transfer of cash will be made when interest is received (see entry #50).

30-2922	Other Financing Uses	95,000	
30-2410	Due to General Fund		95,000

To record the liability to the general
fund for earnings on investments

Note: The contra is not illustrated in the General Fund.

26. The encumbrances outstanding at the fiscal year-end are reversed.

30-2931	RESERVE FOR ENCUMBRANCES	4,900,000	
30-2930	ENCUMBRANCES		4,900,000

To reverse the encumbrances outstanding at the close of the fiscal year

27. The unexpended appropriation for interest on temporary loans is transferred back to General Fund.

30-2922	Other Financing Uses	25,000	
30-1040	Cash - Unrestricted Checking		25,000

To record transfer to the general fund

Note: No contra entry is illustrated in the General Fund.

Closing Entries

The year-end closing entries will follow the same pattern established in other governmental funds.

28. The budget entry for the fiscal year is reversed.

30-2910	APPROPRIATIONS	5,100,000	
30-3190	BUDGETARY FUND BALANCE	2,500,000	
30-1910	ESTIMATED REVENUE		2,500,000
30-1912	ESTIMATED OTHER FINANCING SOURCES		5,100,000

To close the budget accounts

29. A portion of fund balance is reserved for the encumbrances outstanding at the end of the fiscal year.

30-3151	Unreserved Fund Balance	100,000	
30-3101	Fund Balance Reserved for Encumbrances		100,000

To reserve a portion of fund balance
for outstanding encumbrances at year-end

30. The revenue and other financing sources and the expenditures and other financing uses accounts are closed to fund balance.

30-1920	Revenue	2,545,000	
30-1922	Other Financing Sources	5,150,000	
30-2920	Expenditures		4,975,000
30-2922	Other Financing Uses		170,000
30-3151	Unreserved Fund Balance		2,550,000

To close the revenue and expenditure
accounts to unreserved fund balance

Closing Trial Balance

30-1040	Cash - Unrestricted Checking	\$ 140,000	
30-1120	Certificates of Deposit	5,400,000	
30-1491	Accrued Interest Receivable	95,000	
30-1941	STATE AND FEDERAL GRANTS AWARDED (MEMORANDUM)	2,550,000	
30-1949	STATE AND FEDERAL GRANTS UNBILLED (MEMORANDUM)		\$ 2,550,000
30-1951	PROJECTS AUTHORIZED (MEMORANDUM)	5,000,000	
30-1959	PROJECTS AUTHORIZED - NOT COMPLETED (MEMORANDUM)		5,000,000

30-2130	Contracts Payable - Retained Percentage	490,000	
30-2410	Due to General Fund	95,000	
30-2730	Reimbursement Anticipation Notes Payable	2,500,000	
30-3101	Fund Balance Reserved for Encumbrances	100,000	
30-3151	Unreserved Fund Balance	2,450,000	
		\$ 13,185,000	\$ 13,185,000

Second Year of the Project

Many of the second year transactions are virtually identical to those of the first year, except for the dollar amounts involved. The major differences in the second year relate to the opening entry, the maturity of investments, the payments of retainage due, and the close out of the project.

Opening Entries

The prior year's closing trial balance is journalized and entered into the general ledger to become the beginning balances. (See the Closing Trial Balance for the previous year).

31. The adjustment made at the close of the prior year to accrue interest receivable on certificates of deposit is reversed.

30-1920	Revenue	95,000	
30-1151	Accrued Interest Receivable		95,000

To reverse prior year accrual

32. The encumbrances from the prior year must be reinstated in the accounts for the current year.

30-2930	ENCUMBRANCES	4,900,000	
30-2931	RESERVE FOR ENCUMBRANCES		4,900,000

To reinstate the prior year's encumbrances

Budget Entries

33. The Town Meeting/City Council voted to appropriate \$150,000 for interest on temporary loans in the second year of the project.

30-1951	PROJECT AUTHORIZED	150,000	
30-1959	PROJECT AUTHORIZED - NOT COMPLETED		150,000

To adjust project authorized for additional appropriation

34. The current year's budget is recorded. The appropriation consists of \$150,000 for interest plus \$4,800,000 project cost (\$9,800,000 total project less \$5,000,000 appropriated in the first year). The estimated revenue is 50% of the \$4,800,000 appropriated project cost plus 50% of the \$100,000 fund balance reserved for encumbrances brought forward from the previous year.

30-1910	ESTIMATED REVENUE	2,450,000	
30-1912	ESTIMATED OTHER FINANCING SOURCES	150,000	
30-3190	BUDGETARY FUND BALANCE	2,350,000	
30-2910	APPROPRIATIONS		4,950,000

To record the current year's budget

35. The memorandum entry must now be reversed by the budgeted appropriation for the fiscal year.

30-1959	PROJECT AUTHORIZED - NOT COMPLETED	4,950,000	
30-1951	PROJECT AUTHORIZED		4,950,000

To adjust memorandum accounts for
fiscal year budget recorded

Operating Transfers

36. Cash is transferred from the general fund to be used on the Capital Project.

30-1040	Cash - Unrestricted Checking	150,000	
30-1922	Other Financing Sources		150,000

To record the transfer from the
general fund

Note: This entry is not reflected in the journal entries prepared for the General Fund since it occurs during the second year of the Capital Projects Fund transactions.

Change Orders

A change order is signed for \$100,000.

37. The budget entry is adjusted for the change order.

30-3190	BUDGETARY FUND BALANCE	100,000	
30-2910	APPROPRIATIONS		100,000

To increase budget for change order
expected to be expended this year

38. The memorandum entry is reversed by the budgeted appropriation.

30-1959	PROJECT AUTHORIZED - NOT COMPLETED	100,000	
30-1951	PROJECT AUTHORIZED		100,000
	To adjust memorandum accounts for budget recorded		

39. The encumbrance accounts are adjusted for the change order.

30-2930	ENCUMBRANCES	100,000	
30-2931	RESERVE FOR ENCUMBRANCES		100,000
	To adjust encumbrances for change order		

Project Expenditures and Encumbrances

40. Expenditures on the project are made.

30-2920	Expenditures	5,000,000	
30-1040	Cash - Unrestricted Checking		4,500,000
30-2130	Contracts Payable - Retained Percentage		500,000
	To record the expenditures per warrant #		

41. Outstanding encumbrances are canceled when invoices are received for work completed.

30-2931	RESERVE FOR ENCUMBRANCES	5,000,000	
30-2930	ENCUMBRANCES		5,000,000
	To cancel encumbrances for portion of contract completed		

42. When the project is completed, inspected, and found to meet specifications, the retainage is paid (see entries #7, #18, and #40).

30-2130	Contracts Payable - Retained Percentage	990,000	
30-1040	Cash - Unrestricted Checking		990,000
	To record the payment of retainage on contract		

Project Revenues

43. Request for reimbursement of expenditures is made to the granting agency.

30-1461	Due from Federal Government	2,500,000	
30-1469	Deferred Revenue - Governmental Receivables		2,500,000

To record the application to granting
agency for reimbursement

44. The memorandum accounts are adjusted for the amount of the grant billed.

30-1949	STATE AND FEDERAL GRANT UNBILLED	2,500,000	
30-1941	STATE AND FEDERAL GRANT AWARDED		2,500,000

To adjust for grant billed

45. Cash is collected on receivables from the granting agency (note that the amount received is net of 50% of \$1,000 of expenditures which did not qualify for grant reimbursements).

30-1040	Cash - Unrestricted Checking	2,499,500	
30-1461	Due from Federal Government		2,499,500

To record collections on grant

46. A notice is received from the granting agency of disallowed expenditures. 50% are abated.

30-1469	Deferred Revenue - Governmental Receivables	500	
30-1461	Due from Federal Government		500

To record disallowance of reimbursement

47. The revenue from grant receipts is recorded.

30-1469	Deferred Revenue - Governmental receivables	2,499,500	
30-1920	Revenue		2,499,500

To record the revenue from grant receipts

Temporary Borrowing

48. The temporary loans are repaid.

30-2730	Reimbursement Anticipation		
	Notes Payable	2,500,000	
30-2920	Expenditures	150,000	
30-1040	Cash - Unrestricted Checking		2,650,000

To record the repayment of temporary loans

Investment of Excess Cash

49. The Certificates of Deposit mature, and interest income is recorded.

30-1040	Cash - Unrestricted		
	Checking	5,995,000	
30-1120	Certificates of Deposit		5,400,000
30-1920	Revenue		595,000

To record the receipts of maturities
and interest of certificates of deposit

50. The portion of revenue which was derived from earnings on investments must be returned to the General Fund.

30-2410	Due to General Fund	95,000	
30-2922	Other Financing Uses	500,000	
30-1040	Cash		595,000

To record the transfer to the general
fund for earnings on investments

Note: This entry is not reflected in the journal entries prepared for the General Fund since it occurs during the second year of the Capital Projects Fund transactions.

Closing Entries

51. To reverse the budget entry for the fiscal year.

30-2910	APPROPRIATIONS	5,050,000	
30-1910	ESTIMATED REVENUE		2,450,000
30-1912	ESTIMATED OTHER		
	FINANCING SOURCES		150,000
30-3190	BUDGETARY FUND BALANCE		2,450,000

To close the budget accounts

52. The revenues and other financing sources and the expenditures and other financing uses are closed out to fund balance.

30-1920	Revenue	2,999,500	
30-1922	Other Financing Sources	150,000	
30-3151	Unreserved Fund Balance	2,500,500	
30-2920	Expenditures		5,150,000
30-2922	Other Financing Uses		500,000

To close the revenues and expenditures
accounts to unreserved fund balance

54. The balance of the project which will not be expended is closed out.

30-1959	PROJECT AUTHORIZED - NOT COMPLETED	100,000	
30-1951	PROJECT AUTHORIZED		100,000

To close out the authorization
accounts on the project

Closing Trial Balance

30-1040	Cash - Unrestricted Checking	49,500	
30-3151	Unreserved Fund Balance		49,500

Third Year of the Project

The balance in cash and fund balance represents serial bond proceeds which were not expended on the project. This balance must be appropriated in accordance with Section 20, Chapter 44, Massachusetts General Laws.

Opening Entries

The prior year's closing trial balance is journalized and entered into the general ledger to become the beginning balances. (See the Closing Trial Balance for the previous year).

Budget Entries

56. The Town Meeting/City Council voted to appropriate the \$49,500 in accordance with Section 20, Chapter 44, Massachusetts General Laws.

30-3190	BUDGETARY FUND BALANCE	49,500	
30-2910	ESTIMATED OTHER FINANCING USES		49,500

To record current year's budget

Operating Transfers

57. Cash is transferred to the general fund as the appropriation will be expended in that fund.

30-2922	Other Financing Uses	49,500	
30-1040	Cash - Unrestricted Checking		49,500

To record transfer to the general fund

Closing Entries

58. To reverse the budget entry for the fiscal year.

30-2910	ESTIMATED OTHER FINANCING USES	49,500	
30-3190	BUDGETARY FUND BALANCE		49,500

To close budget accounts

59. The other financing uses is closed out to fund balance.

30-3151	Unreserved Fund Balance	49,500	
30-2922	Other Financing Uses		49,500

To close other financing uses to
unreserved fund balance