Appendix X: Accounting for Restricted Funds

Accounting for Federal Grants/Allocations

All related accounts (revenue, expenditure, deferred revenue, accounts receivable, etc.) must contain both the Federal Project code (4XXX) and, if applicable, the Program code assigned by the DE.

o For Federal grants that advance fund the program (i.e. Title V, Title VI, etc.):
  - If the district has expended its entire allocation:
    - No journal entries required
      - Project Code Expenditures = Project Code Revenues

  - If the district has not expended its entire allocation, the remaining (carryover) is considered deferred revenue:
    - Record the carryover as a deferred revenue:
      - Debit revenue account (Fund XX, Source 4XXX, Project 4XXX)
      - Credit deferred revenue account (Fund XX, Account 481, Project 4XXX)
        - o Project Code Expenditures = Project Code Revenues
    - Record succeeding year recognition of revenue as funds are expended:
      - Debit deferred revenue (Fund XX, Account 481, Project 4XXX)
      - Credit revenue (Fund XX, Source 4XXX, Project 4XXX)
        - o Project Code Expenditures = Project Code Revenues

o For Federal grants that reimburse expenditures (Title I, SDFS, Iowa Demonstration Construction Grant, etc.):

  - Example A. The district contributes no general program dollars to the program. Your total Title I allocation is $100,000. You've expended $100,000, received to-date $85,000, and you receive your final $15,000 payment prior to September 1 following the end of your fiscal year:
    - Record accounts receivable for $15,000:
      - Debit accounts receivable (Fund XX, Account 141, Project 4XXX)
      - Credit revenue account (Fund XX, Source 4XXX, Project 4XXX)
        - o Project Code Expenditures = Project Code Revenues

  - Example B. The district expends an additional $10,000 of general program dollars for the program. Your total Title I allocation is $100,000. You've expended $110,000 on the program, received to-date $85,000, and you receive your final $15,000 payment prior to September 1 following the end of your fiscal year:
    - Record accounts receivable for $15,000:
      - Debit accounts receivable (Fund XX, Account 141, Project 4XXX)
      - Credit revenue account (Fund XX, Source 4XXX, Project 4XXX)
    - General journal entry to reclassify $10,000 of expenditures to general program project code:
      - Credit Title I project expenditures (10-XXXX-XXXX-430-4501-XXX)
      - Debit general program project expenditures (10-XXXX-XXXX-**430**-XXXX-XXX) for $10,000 (note: the expenditure account still includes the Title I Program Code of 430 but not the Title I Project Code)
        - o Project Code Expenditures = Project Code Revenues
        - o Program Code Expenditures = Total spent on Program

  - Example C. The district does not expend its entire allocation on the program. You total Title I allocation is $100,000. You've expended $90,000 on the program and plan to carry the additional $10,000 allocation to the following fiscal year. You've received to-date $85,000 and you receive your final $5,000 payment prior to September 1 following the end of your fiscal year:
    - Record accounts receivable for $5,000:
      - Debit accounts receivable (Fund XX, Account 141, Project 4XXX)
      - Credit revenue account (Fund XX, Source 4XXX, Project 4XXX)
        - o 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.

- ■ Example D. The project period extends over two or more fiscal years (i.e. Iowa Demonstration Construction Grant). Your grant allocation is $100,000. You have expenditures of $45,000 in the current fiscal year. You apply for a reimbursement of $45,000 but do 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 revenue for $45,000:
      - o Debit accounts receivable (Fund XX, Account 141, Project 4XXX)
      - o Credit deferred revenue account (Fund XX, Account 481, Project 4XXX)
  - Following fiscal year:
    - ■ Record receipt of funds and revenue for $45,000:
      - o Debit cash (Fund XX, Account 101, Project 4XXX)
      - o Credit accounts receivable (Fund XX, Account 141, Project 4XXX)
      - o Debit deferred revenue account (Fund XX, Account 481, Project 4XXX)
      - o Credit revenue account (Fund XX, Source 4XXX, Project 4XXX)

<div align="center">**Accounting for State Grants/Allocations**</div>

All related accounts (revenue, expenditure, accounts receivable, reserve fund balance, etc.) 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.

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

- o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Reserved Fund Balance:
  - ▪ Record the carryover as a reserved fund balance:
    - • Debit fund balance (Fund XX, Account 739, Project XXXX)
    - • Credit reserved fund balance (Fund XX. Account **719**, Project **3**XXX)
      - ▪ Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)
      - ▪ Carryover = Revenues + Prior Year Reserved 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, Facility, Function, Program, Project XXXX, Object)
    - • Credit expenditures (Fund XX, Facility, Function, Program, Project **3**XXX, Object)
    - • 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
      - ▪ Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
      - ▪ There will be no current year reserved fund balance

Accounting for Local Grants/Allocations/Restricted Funds

State Assigned Local Projects: All related accounts (revenue, expenditure, accounts receivable, reserved fund balance, etc.) must contain both the Local Project code (1XXX) and, if applicable, the Program code assigned by the DE.

District-Assigned Local Project: All related accounts (revenue, expenditure, accounts receivable, reserve fund balance, etc.) must contain both the District-Assigned Project code (8XXX or 9XXX) and, if applicable, the Program code assigned by the DE.

Accounting for Categorical Funding within the Foundation Formula -- Several Restricted Funding sources are included in the Property Tax and State Aid that is part of the School Foundation Formula. These sources include:

- Gifted and Talented Program (TAG)
- Returning Dropout/Dropout Prevention Program
- Limited English Proficient Program Weighted Funding
- At-Risk Program Weighted Funding
- Special Education Weighted Funding

o **Accounting for Gifted and Talented (TAG) Program:**

- Account for all TAG transactions within the General Fund
- TAG allocations can be found on the DE website under School Finance/Budgets/School District
- Source codes for revenue accounts:
  - To record revenues for the foundation formula portion of funding (the 75% DCPP plus the 25% local match) districts will journal revenues from an existing revenue account to a TAG revenue account using one of the following 4 options:
    1. Use Source 3111, with Program 27X/Project 1118, for both the 75% and 25% portions
    2. Use Source 1110 or 1111, with Program 27X/Project 1118, for both the 75% and 25% portions
    3. Use Source 3111, with Program 27X/Project 1118, for the 75% portion and 1110 (or 1111 if using detail), with Program 27X/Project 1118, for the 25% portion
    4. Use any combination of 3111 and 1110/1111, with Program 27X/Project 1118, that accurately reflects the mix of state and local funding
  - Use Source codes 1920-1929 or 6420-6429 for revenues from local donations
  - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
- Program code:
  - Use Program codes 270-279 for all related accounts
- Project code:
  - Use Project code 1118 for the the full amount of revenues generated by the foundation formula (the 75% DCPP plus the 25% local match)
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding
  - Use 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 allocations (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 (reserved fund balance).

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

o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Reserved Fund Balance:
  - Record the carryover as a reserved fund balance:
    - Debit fund balance (Fund XX, Account 739, Project XXXX)

- Credit reserved fund balance (Fund XX. Account **719**, Project **1118,** Program 27X (if possible))
    - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)
    - Carryover = Revenues + Prior Year Reserved 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, Facility, Function, Program 27X, Project XXXX, Object)
        - Credit expenditures (Fund XX, Facility, Function, Program **27X**, Project **1118**, Object)
        - 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
            - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
            - There will be no current year reserved fund balance

- o **Accounting for Limited English Proficient (LEP/ESL) Program:**

    - Account for all LEP/ESL transactions within the General Fund
    - The annual LEP/ESL allocation is calculated as follows: Aid & Levy Line 3.9 x Aid & Levy Line 4.1 = total revenues generated by the funding formula
    - Source codes for revenue accounts:
        - To record revenues for the foundation formula portion of funding districts will journal revenues from an existing revenue account to a LEP/ESL revenue account using one of the following 3 options:
            1. Use Source 3111, with Program 41X/Project 1112
            2. Use Source 1110 or 1111, with Program 41X/Project 1112
            3. Use any combination of 3111 and 1110/1111, with Program 41X/Project 1112, that accurately reflects the mix of state and local funding
        - Use Source codes 1920-1929 or 6420-6429 for revenues from local donations
        - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
    - Program code:
        - Use Program codes 410-419 for all related accounts
    - Project code:
        - Use Project code 1112 for the the full amount of revenues generated by the foundation formula
        - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding
        - Use 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 allocations (expenditures that exceed all other funding sources)

LEP/ESL expenditures charged to Project 1112 cannot exceed the total of current year revenues plus prior year carryover (reserved fund balance).

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

- o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Reserved Fund Balance:
    - Record the carryover as a reserved fund balance:
        - Debit fund balance (Fund XX, Account 739, Project XXXX)
        - Credit reserved fund balance (Fund XX. Account **719**, Project **1112,** Program 41X (if possible))
            - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)
            - Carryover = Revenues + Prior Year Reserved 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, Facility, Function, Program 41X, Project XXXX, Object)
        - Credit expenditures (Fund XX, Facility, Function, Program **41X**, Project **1112**, Object)

- 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
  - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
  - There will be no current year reserved fund balance

- **Accounting for the At-Risk Program funded by supplementary weighting formula:**

  - Account for all weighted At-Risk Program transactions within the General Fund
  - The annual allocation for the at-risk program funded by supplementary weighting is calculated as follows: Aid & Levy Line 3.8 x Aid & Levy Line 4.1 = total revenues generated by the funding formula
  - Source codes for revenue accounts:
    - To record revenues for the foundation formula portion of funding districts will journal revenues from an existing revenue account to a weighted at-risk revenue account using one of the following 3 options:
      1. Use Source 3111, with Program 42X/Project 1116
      2. Use Source 1110 or 1111, with Program 42X/Project 1116
      3. Use any combination of 3111 and 1110/1111, with Program 42X/Project 1116, that accurately reflects the mix of state and local funding
    - Use Source codes 1920-1929 or 6420-6429 for revenues from local donations
    - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
  - Program code:
    - Use Program codes 420-429 for all related accounts
  - Project code:
    - Use Project code 1116 for the the full amount of revenues generated by the foundation formula
    - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding
    - Use 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 allocations (expenditures that exceed all other funding sources)

Weighted At-Risk expenditures charged to Project 1116 cannot exceed the total of current year revenues plus prior year carryover (reserved fund balance).

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

- If the district has not expended its entire allocation the remaining balance (carryover) is considered a Reserved Fund Balance:
  - Record the carryover as a reserved fund balance:
    - Debit fund balance (Fund XX, Account 739, Project XXXX)
    - Credit reserved fund balance (Fund XX. Account **719**, Project **1116,** Program 42X (if possible))
      - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)
      - Carryover = Revenues + Prior Year Reserved Fund Balance - Expenditures

- 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, Facility, Function, Program 42X, Project XXXX, Object)
    - Credit expenditures (Fund XX, Facility, Function, Program **42X**, Project **1116**, Object)
    - 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
      - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
      - There will be no current year reserved fund balance

- **Accounting for the At-Risk Program funded by the SBRC approved Returning Dropout/Dropout Prevention Modified Allowable Growth:**

  - Account for all Dropout/Droupout Prevention At-Risk Program transactions within the General Fund

- The annual allocation for the at-risk program funded by SBRC approved Modified Allowable Growth is calculated as follows: Aid & Levy Line 5.10 divided by 0.75 = total revenues generated by the funding formula
- Source codes for revenue accounts:
  - To record revenues for the foundation formula portion of funding districts will journal revenues from an existing revenue account to a dropout/dropout prevention at-risk revenue account using one of the following 2 options:
    1. Use Source 1110 or 1111, with Program 42X/Project 1119, for both the 75% and 25% portions
    2. Use Source 1110 or 1111, with Program 42X/Project 1119, for the 75% portion and 3111, with Program 42X/Project 1119, for the 25% portion
  - Use Source codes 1920-1929 or 6420-6429 for revenues from local donations
  - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
- Program code:
  - Use Program codes 420-429 for all related accounts
- Project code:
  - Use Project code 1119 for the the full amount of revenues generated by the foundation formula
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding
  - Use 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 allocations (expenditures that exceed all other funding sources)

Weighted At-Risk expenditures charged to Project 1119 cannot exceed the total of current year revenues plus prior year carryover (reserved fund balance).

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

o   If the district has not expended its entire allocation the remaining balance (carryover) is considered a Reserved Fund Balance:
- Record the carryover as a reserved fund balance:
  - Debit fund balance (Fund XX, Account 739, Project XXXX)
  - Credit reserved fund balance (Fund XX. Account **719**, Project **1119,** Program 42X (if possible))
    - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)
    - Carryover = Revenues + Prior Year Reserved 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, Facility, Function, Program 42X, Project XXXX, Object)
  - Credit expenditures (Fund XX, Facility, Function, Program **42X**, Project **1119**, Object)
  - 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
    - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
    - There will be no current year reserved fund balance