



Fund Accounting 101

A Primer for Secretaries

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Business NOT = Schools

- **Business: Purpose – Make profit for owners**
 - **Accounting: Purpose – Make Money**
 - Track and Maximize the Profit or Loss
 - Report to Investors
 - Prepare for Taxes

- **Schools: Purpose – Educate Students**
 - **Accounting: Purpose – Use Public Funds to enhance Student Learning**
 - Plan Expenditures to match Education Objective
 - Track Expenditures
 - Report to Board of Education
 - Prepare for Public Audit

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Account Types

- **Asset:** What the School Owns
- **Liability:** What the School Owes
- **Equity:** $\text{Equity} = \text{Assets} - \text{Liability}$
- **Income:** Amount of this year's Income
- **Expenditure:** Amount of this year's Expenditure

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Worksheet Exercise

- **Mark each of the accounts on the list as:**
 - A = Asset
 - L = Liability
 - Q = Equity
 - I = Income
 - E = Expenditure

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Sample – Account Names

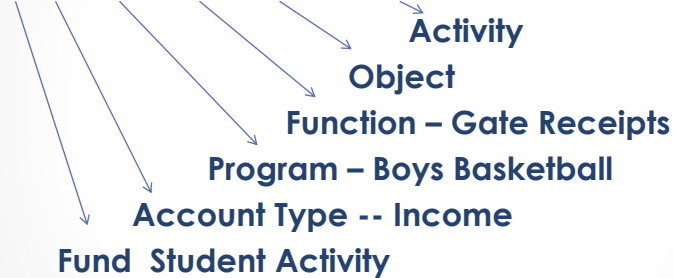
"COACHES" APPAREL	FEES & FINES	PROM TICKETS
AAC SUPPLIES	FOOD & BEV EXP	RENTAL SUPPLIES
ACCOUNTS PAYABLE	FRUIT SALES	RENTALS
ACCOUNTS RECEIVABLE	FUND BALANCE	REPAIRS
ACTIVITY TICKETS	FUNDRAISER	REPLACEMENT TEXTS
ADVERTISING	FUNDRAISER EXP	RESOURCE TR DISTRICT
AG 1 FEES	GAME WORKERS	RESOURCE TRANSFER
AP STUDIO ART FEE	GATE FEES	SMOOTHIE BUSINESS
ART FOUNDATIONS FEE	GENERAL BAND FEES	SMOOTHIE SUPPLIES
ART GRAPHIC ARTS	ICE SKATING EXP	STORE REVENUE
BANK INTEREST	ICE SKATING FEES	STUDENT FEES
BOOK DEPOSIT	INTEREST	STUDENT TOUR/TRAVEL EXP
CASH CHECKING	INTRO METAL PROCSS	STUDENT TOUR/TRAVEL FEES
CASH OVER & SHORT	JEWELRY-METALS FEE	SUMMER SCHOOL
CHANGE FUND	JOSTEN'S STUDENT SALES	SUPPLIES
CLASS A BB DISBURSMENTS	LOCKER FEES	TEXTILE DESIGN I
CLASS A BB GATE FEES	MEDICAL SUPPLIES	TEXTILE DESIGN II FEE
CLASS A BB SUPPLIES	MINOR EQUIPMENT	TOWEL BUSINESS
CONCESSIONS	NHS	TOWEL SUPPLIES
CREDIT CARD FEE	NSF PROCESSING FEES	TRANSFERS IN
CULINARY ART SUPPLIES	OFFICIALS	TRAVEL
CULINARY ARTS 1	OUT OF COUNTRY TRAVEL	TRIP FEES
DEPOSIT CORRECTIONS	OUT OF COUNTRY TRAVEL	TRIPS/TRAVEL
DONATIONS	PARENT CLUB	T-SHIRT SALES
DONATIONS	PARENT CLUB EXPENSE	VENDING
DRAFTING SUPPLIES	PARENT/SPIRIT BUS	WEB CONVENIENCE FEE
ELEC/ROBO 1 FEE	PARTICIPATION FEES	WORKER WAGES
ELEC/ROBO SUPPLIES	PLATE REVENUE	
ENCUMBRANCE RESERVE	POLICE PROTECTION	
ENTRY FEE	POST SEASON EXPENSE	
EQUIPMENT RENTALS	POST SEASON REVENUE	
FACILITY USE FEES	PROF SERVICES	
FACULTY/STAFF APPAREL	PROF WOODS	
FEES	PROGRAM SALES	

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Account Numbers Tell a Story

10-4-2315-1710-000-0012



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The Account Structure

- **Fund:**
- **Type:**
 - 1 = Asset
 - 2 = Liability
 - 3 = Equity
 - 4 = Income
 - 5 = Expenditure
- **Program:** The educational program
- **Function:** Account & Type of Income
- **Object:** What you purchased
- **Activity:** Internal number – Not State Assigned

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Exercise

What is the use of each of the following Accounts

FF-T-prog-func-obj-acti

1. 10-1-0000-8112-000-0000
2. 10-4-2095-1750-000-0200
3. 10-5-2250-0000-739-0100
4. 10-5-3580-0000-613-0500
5. 10-4-3580-1920-000-0500
6. 10-3-0000-9850-000-0500
7. 10-2-0000-9510-000-0000
8. 10-5-3580-0000-890-0500

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Exercise

Same Accounts Different Structure

FF-T-prog-obje-acti

1. 10-1-0000-8112-0000
2. 10-4-2095-1750-0200
3. 10-5-2250-0739-0100
4. 10-5-3580-0613-0500
5. 10-4-3580-1920-0500
6. 10-3-0000-9850-0500
7. 10-2-0000-9510-0000
8. 10-5-3580-0890-0500

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Exercise

Write the following accounts in the form

FF-T-prog-func-obj-acti

1. Account to receive Industrial Arts Fee
2. Account to purchase Football Uniforms
3. Account to buy Office Supplies for Main Office
4. General Accounts Receivable Account
5. Account to hold collected Sales Tax before it is transmitted to the state.
6. Account to Pay Bank Charges
7. Account to record Bank Interest

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Standard Financial Reports

- **Balance Sheet**
 - Assets
 - Liabilities
 - Equity
- **Income Report**
- **Expenditure Report**
- **Trial Balance**

We will Review Each Report On The Computer



The Connection

Income Report → Balance Sheet

Income Report

Income Accounts	Beginning Budget	Expenditure	Income	Transfer	Encumb.	Budget Balance
10-44-444-4444-5701-2017 GIRLS SOFTBALL Resource Tr District	0.00		2,300.00			-2,300.00
10-44-444-4444-5702-2003 BOYS SOCCER Resource Transfer Saf	0.00			2,900.00		-2,900.00
10-44-444-4444-5701-2005 GIRLS SOCCER Resource Tr District	0.00		1,200.00			-1,200.00
Total Location 44	719.70	142.45	406,028.39	122,848.06		-528,014.30
Fund Totals	719.70	142.45	406,028.39	122,848.06		-528,014.30

Balance Sheet

EQUITY		Beginning 7/01/2009	Income	Expenditure	Transfer	Encumb.	Balance 6/30/2010
10-00-000-0970-2115 RECYCLING CLUB Fund Balance	3	61.58					61.58
10-00-600-000-1000 ~SYSTEM Encumbrance Reserve	3	0.00				-25,707.38	25,707.38
Income Control			406,028.39	142.45	122,848.06		528,734.00
Expenditure Control			7,152.14	326,447.79	-3,649.79	25,707.38	-348,652.82
Total Equity		266,034.33		1,740.00	-119,198.27	-25,707.38	170,803.44
Total Liabilities and Equity		265,997.86	413,039.42	328,330.24			350,707.04



The Connection

Expenditure Report → Balance Sheet

Expenditure Report

Expenditure Accounts	Beginning Budget	Expenditure	Income	Transfer	Encumb.	Budget Balance
10-37-720-6100-0610-1010 BSTR-FIN HRDSDHP Supplies	0.00	52.00			105.00	-157.00
10-37-720-6100-0910-1215 TUITION Resource Transfer	0.00	10,130.16				-10,130.16
10-37-720-6100-1700-1010 BSTR-FIN HRDSDHP Fees & Fines	5,535.31			-1,324.70		4,210.61
Total Location 37	265,043.92	326,447.79	7,152.14	-3,649.79	25,707.38	-83,608.90

Balance Sheet

EQUITY		Beginning 7/01/2009	Income	Expenditure	Transfer	Encumb.	Balance 6/30/2010
10-00-000-0970-2113 GUIDANCE DEPT Fund Balance	3	724.71					724.71
10-00-000-0970-2115 RECYCLING CLUB Fund Balance	3	61.58					61.58
10-00-600-000-1000 -SYSTEM Encumbrance Reserve	3	0.00				-25,707.38	25,707.38
Income Control			406,028.39	142.45	122,848.06		528,734.00
Expenditure Control			7,152.14	326,447.79	-3,649.79	25,707.38	-348,652.82
Total Equity		266,034.33		1,740.00	-119,198.27	-25,707.38	170,803.44

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Income/Expenditure Report Options

Income Expenditure Control

Report Type

Year To Date

Month To Date

Combined MTD-YTD

Year to Date to Period

1 2 3 4 5 6

7 8 9 10 11 12

Reports

Income

Expenditure

Exclude Zero Accounts

Subtotal Using Characters of the Segment Selected as sort order 1.

Print Preview Export To Excel

Powerful Options To Answer Administrators Questions

? How Much have we spent on equipment

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Income/Expenditure Report Options

Income Expenditure Control

Report Type

Year To Date
 Month To Date
 Combined MTD-YTD

Year to Date to Period

1 2 3 4 5 6
 7 8 9 10 11 12

Reports

Income
 Expenditure
 Exclude Zero Accounts

Sort Order

Location
 Program
 Function
 Object

Subtotal Using Characters of the Segment Selected as sort order 1.

Print Preview Export To Excel

? How Much have we spent on Entry Fees?

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Entry Fees 0810

Happydale High 09-10 Budgeted Expenditure Accounts

Report Date and Time: 6/12/10 10:04AM

	Beginning Budget	Expenditure	Income	Transfer	Encumb.	Budget Balance	Pct Expended
Total Object 006	29,941.00	45,607.64			5,390.57	-21,063.41	
10-37-710-3400-0805-1088 STUDENT TREASUR Donations	0.00	491.77				-491.77	0.00 %
Total Object 000	0.00	491.77				-491.77	
10-37-270-3504-0810-2001 FOOTBALL Entry Fees	50.00					50.00	0.00 %
10-37-310-3411-0810-1090 CHOR Entry Fees	0.00	1,110.00				-1,110.00	0.00 %
10-37-710-3400-0810-2050 DECA Entry Fees	0.00	1,106.00				-1,106.00	0.00 %
10-37-710-3409-0810-1082 DIST 5 CHOR Entry Fees	6,450.00	963.00				5,487.00	14.83 %
10-37-710-3410-0810-1050 ORCHESTRA Entry Fees	0.00	795.00				-795.00	0.00 %
10-37-710-3410-0810-1084 DIST 5 BAND Entry Fees	5,285.00	1,006.00				4,277.00	19.67 %
10-37-710-3411-0810-1086 DIST 5 ORCHESTR Entry Fees	2,817.00	365.00				2,452.00	12.96 %
10-37-710-3412-0810-2065 SPEECH NFL CLUB Entry Fees	0.00	459.00				-459.00	0.00 %
10-37-710-3429-0810-1094 YEARBOOK Entry Fees	0.00	215.00				-215.00	0.00 %
10-37-710-3500-0810-1080 COACHES CLINIC Entry Fees	0.00	1,050.00				-1,050.00	0.00 %
10-37-720-3500-0810-2010 GOLF Entry Fees	200.00	25.00				175.00	12.50 %
10-37-720-3505-0810-2010 GOLF Entry Fees	300.00	310.00				-10.00	103.33 %
10-37-720-3506-0810-2021 TENNIS Entry Fees	100.00					100.00	0.00 %
10-37-720-3507-0810-2011 WRESTLING Entry Fees	1,000.00	1,260.00				-260.00	126.00 %
10-37-720-3510-0810-2013 GIRLS VOLLEYBAL Entry Fees	350.00	300.00				50.00	85.71 %
10-37-720-3518-0810-1100 ACTIVITIES ADMIN Entry Fees	1,000.00	140.00				860.00	14.00 %
Total Object 001	17,552.00	9,196.00				8,356.00	
10-37-710-3400-0910-2085 STUDENT STORE Resource Transfer	0.00			-916.96		-916.96	0.00 %
10-37-720-8100-0910-1215 TUITION Resource Transfer	0.00	10,130.16				-10,130.16	0.00 %
Total Object 091	0.00	10,130.16				-11,047.12	
10-37-710-3413-1700-2063 SPEECH CLUB Entry Fees	0.00	2,154.00				-2,154.00	0.00 %
10-37-720-8100-1700-1010 BSTR-FBI HRDSHIP Fees & Fines	5,535.31			-1,324.70		4,210.61	23.93 %
Total Object 170	5,535.31	2,154.00				2,886.61	
10-37-710-3412-1901-2063 SPEECH CLUB Parent Club Expense	907.58					907.58	0.00 %
Total Object 190	907.58					907.58	
10-37-710-3429-846-1084 YEARBOOK Books	0.00	16,500.00				-16,500.00	0.00 %
Total Object 840	0.00	16,500.00				-16,500.00	
Fund Totals	265,043.92	526,447.79	7,152.14	-3,649.76	25,707.38	-83,856.90	

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Income/Expenditure Report Options

Income Expenditure Control

Report Type

Year To Date
 Month To Date
 Combined MTD-YTD

Year to Date to Period

1 2 3 4 5 6
 7 8 9 10 11 12

Reports

Income
 Expenditure
 Exclude Zero Accounts

Sort Order

Location
 Program
 Function
 Object

Subtotal Using Characters of the Segment Selected as sort order 1.

Print Preview Export To Excel

? How Much have we received from general dues/fees?



Dues/Fees Object=170x

Happydale High 09-10 Budgeted Income Accounts

Report Date and Time: 6/12/10 10:24AM

Income Accounts	YTD Through Period 12					Budget Balance	Pct Received
	Beginning Budget	Expenditure	Income	Transfer	Encumb.		
10-44-444-4444-1700-1066 CHEERLEADERS Fees	0.00		20.00			-20.00	%
10-44-444-4444-1700-2113 GUIDANCE DEPT Fees	0.00		2,490.00	30.00		-2,520.00	%
10-44-444-4444-1700-1100 ACTIVITIES ADMIN Post Fees & Fines	0.00		2,318.95	-2,286.00		-32.95	%
10-44-444-4444-1700-2115 RECYCLING CLUB Fees	0.00		500.00			-500.00	%
10-44-444-4444-1700-1078 B.S.V.P.P Fees	0.00		10.00			-10.00	%
10-44-444-4444-1700-2048 BPA Fees	0.00		300.00	20.00		-320.00	%
10-44-444-4444-1700-2053 SPANISH CLUB Fees	0.00		10.00			-10.00	%
10-44-444-4444-1704-1060 COACHES CLINIC Split The Pot	0.00		157.50			-157.50	%
10-44-444-4444-1700-1004 YEARBOOK Fees	0.00		13,890.00			-13,890.00	%
10-44-444-4444-1700-1088 STUDENT TREASUR Fees	0.00		6,640.81			-6,640.81	%
10-44-444-4444-1700-1096 SPORE PACK Fees	0.00		13,625.00	550.00		-13,975.00	%
10-44-444-4444-1703-1098 ATHLETICS Gate Fees	0.00	110.00	24,681.40			-24,571.40	%
10-44-444-4444-1701-1094 PLAY TO PLAY Participation Fees	0.00		18,110.00	390.00		-18,500.00	%
10-44-444-4444-1701-1140 VO-TECH Electrobe 1	0.00		675.00			-675.00	%
10-44-444-4444-1700-1104 SPORTS MEDICINE Fees	0.00		1,080.00			-1,080.00	%
10-44-444-4444-1705-1140 VO-TECH Culinary Arts 1	0.00		240.00	79.14		-319.14	%
10-44-444-4444-1705-2005 GIRLS SOCCER Post Season Revenue	0.00		2,491.94			-2,491.94	%
10-44-444-4444-1705-1140 VO-TECH Electrobe 2	0.00		60.00			-60.00	%
10-44-444-4444-1700-2061 DRAMA CLUB Fees	0.00		5,572.00			-5,572.00	%
10-44-444-4444-1700-1116 NEWS PAPER CLASS'S Fees	0.00		743.00			-743.00	%
10-44-444-4444-1703-2061 DRAMA CLUB Gate Revenues	0.00		6,234.00			-6,234.00	%
Total Object 170	719.00	110.00	202,533.64	2,096.73		-203,799.67	
10-44-444-4444-1712-1154 ART Graph Design 1	0.00		430.00			-430.00	%
10-44-444-4444-1710-1140 VO-TECH Textiles 1	0.00		164.77			-164.77	%
Total Object 171	0.00		430.00	164.77		-594.77	
10-44-444-4444-1705-1096 ATHLETICS Plate Revenue	0.00		1,160.00			-1,160.00	%
Total Object 175	0.00		1,160.00			-1,160.00	
10-44-444-4444-1700-1004 YEARBOOK Advertising	0.00		7,576.30			-7,576.30	%
10-44-444-4444-1700-1006 NEWSPAPER Advertising	0.00		2,718.00			-2,718.00	%
Total Object 176	0.00		10,294.30			-10,294.30	



Check Balance Sheet Daily

Happydale High 09-10

Report Date and Time: 6/12/10 10:34AM

Balance Sheet

ASSETS		Beginning 7/01/2009	Income	Expenditure	Transfer	Encumb.	Balance 6/30/2010
10-00-000-0101-0000	ASSET Cash Checking	1	265,997.88	414,039.42	339,330.24		347,207.04
10-00-000-0110-0000	ASSET Change Fund	1	0.00	-1,500.00	-5,000.00		3,500.00
10-00-000-0120-0000	ASSET Accounts Receivable	1	0.00				0.00
Total Assets:			265,997.88	413,039.42	328,330.24	0.00	350,707.04
LIABILITIES		Beginning	Income	Expenditure	Transfer	Encumb.	Balance
10-00-200-000-1000	-SYSTEM Accounts Payable	2	0.00	-5.00			-5.00
10-00-400-000-1000	-SYSTEM Cash Over & Short	2	-36.47	-136.11			-172.58
Total Liabilities			-36.47	-141.11	0.00	0.00	-177.58
EQUITY		Beginning	Income	Expenditure	Transfer	Encumb.	Balance
10-00-000-0970-0001	ASSET Fund Balance-Asset	3	0.00				0.00
10-00-000-0970-0002	-SYSTEM Fund Balance- system	3	0.00				0.00
10-00-000-0970-1002	INTEREST EARNED Fund Balance	3	429.14				429.14
10-00-000-0970-1003	INTERACT C/ I/R Fund Balance	3	0.00				0.00
10-00-000-0970-2113	GUIDANCE DEPT Fund Balance	3	724.71				724.71
10-00-000-0970-2115	RECYCLING CLUB Fund Balance	3	61.58				61.58
10-00-000-0000-1000	-SYSTEM Encumbrance Reserve	3	0.00			-25,707.38	25,707.38
Income Control			406,028.38	142.45	122,848.00		528,734.00
Expenditure Control			7,152.14	326,447.73	-3,649.79	25,707.38	-341,652.82
Total Equity			266,034.33	1,740.00	-119,198.27	-25,707.38	170,803.44
Total Liabilities and Equity			265,997.88	413,039.42	328,330.24		350,707.04

Cash Available

Cash needed NOW

Cash Needed SOON

Cash Flow Summary



What's Wrong Here?

Balance Sheet

Cash in Bank	10,000	
Savings	100,000	
TOTAL ASSETS		110,000
Accounts Payable	25,000	
TOTAL LIABILITIES		25,000
Fund Balance	73,000	
Reserve For Enc	8,000	
Income Control	30,000	
Expenditure Control	-26,000	
TOTAL EQUITY		85,000



What's Wrong Here?

Balance Sheet

Cash in Bank	100,000	
Savings	10,000	
TOTAL ASSETS		110,000
Accounts Payable	25,000	
TOTAL LIABILITIES		25,000
Fund Balance	73,000	
Reserve For Enc	108,000	
Income Control	30,000	
Expenditure Control	-126,000	
TOTAL EQUITY		85,000

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What happens to the Balance at the End of Year

TYPE	End Of Year	Notes
ASSET	Carryover	
LIABILITY	Carryover	
EQUITY	Carryover FUND BALANCE will have new balance	
INCOME	Set to 0 Close to Fund Balance	
EXPENDITURE	Set to 0 Close to Fund Balance	

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End of Year Closing

Fund Balance = Old Fund Balance + Income – Expenditure

- **AT THE DISTRICT:**
 - All Income and Expenditure accounts for a FUND close to the FUND BALANCE for that FUND.
 - This works fine for district books where no group is allowed to carryover a balance but that isn't how it works in most schools.
- **AT THE SCHOOL:**
 - In 1996 TES-Accounting proposed to the Alabama Department of Education that a NEW accounting structure be adopted. The Activity provided a way for End of Year closing to allow a Club, Sport, Organization or Class to maintain a carryover balance and still meet the requirements of GAAP Fund Accounting.

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The Activity Drama Club

End of Year Closing:

DRAMA Fund Balance = 9414.49 + 11,972.25 – 19,358.96

Select Account			
Choose the activity and then press [TAB]			
Activity Locator:	Description Locator:	Asset	Liability
Activity File	Teacher Description	Equity	Income
Activity	BOL Account	Bgt Bal	Expenditure
CLOSE UP-NATION	Fund Balance	9,414.49	
COACHES APPARE	Fees	5,572.00	-5,572.00
COACHES CLINIC	Fundraiser		
CRIMESTOPPERS	Gate Revenues	6,234.00	-6,234.00
CROSS COUNTRY	T-shirt Sales	166.25	-166.25
CURRICULUM	"coaches" Apparel	-217.22	
DECA	Fundraiser Exp		
DIST 5 BAND	Minor Equip	-269.97	
DIST 5 CHOR	Repairs		
DIST 5 GRCHESTF	Supplies	-4,754.26	
DIST MUSIC FEST	Travel	-14,117.51	
DRAFTING			
DRAMA CLUB			
FACILITY USE			

Show Accounts	Activity Cash Balance:	2,027.78
<input checked="" type="radio"/> All	Activity Income Budget Balance:	-11,972.25
<input type="radio"/> Income Only	Activity Expenditure Budget Balance:	-19,358.96
<input type="radio"/> Expenditure Only		

FUND BALANCE = CARRYOVER BALANCE

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Fund Balance Account

THE RULES

- If an **ACTIVITY** has an **INCOME** account OR an **EXPENDITURE** account it **MUST** have a **FUND BALANCE**.
- All Fund Balance Accounts must have an **IDENTICAL account number**. Only the **FUND** and **ACTIVITY** may be different.
- **DO NOT** receipt money to or spend money from a **FUND BALANCE** account.
- Review **FUND BALANCE** at the beginning of the year. **Negative Fund Balance = a Loan** from activities with a **Positive Balance**. Approve **NO** expenditures until the **Fund Balance** is **Positive**.

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Exercise

Your district has decided to reimburse the school for all entry/membership fees. All you have to do is provide a list of checks.

How do you get a list?

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Audit by Account Segment

Audit Control by Account Segment

Fund	Start	End
Location		9999
Program		9999
Function		9999
Object	0810	0810
Activity No.		9999
Document Type		222
Period:	1	12

Print Preview

Print Selected Cancel

How does MySchoolAccounting know where these are in the account structure



Account Definitions

File → Manager → System Definition → Account Definitions

System Definition

Select From: Selection Tree, General, Account Definitions, Document Options, School_Logo, Report Defaults, Edit/Entry Options, Data Connections, Master File Definitions / Fee Generation

Master File Definitions / Purchase Cards | District Connections | NSF Options | Fee Generation

General | Account Definitions | Document Options | School_Logo | Report Defaults | Edit/Entry Options | Data Connections

This list defines the PRIMARY SORT ORDER for Income and Expenditure Reports.

Standard Definitions			Special Definitions		
Type	Start	End	Type	Start	End
Location	1	2		0	0
Program	4	6		0	0
Function	8	11		0	0
Object	13	16		0	0
	0	0		0	0
	0	0		0	0
	0	0		0	0
	0	0		0	0
	0	0		0	0
	0	0		0	0

Very Important

If you make any changes on this sheet you must run a Full Data Recovery to reset the default sort order for the Income and Expenditure Reports.

Save Cancel



Call to Support: “I’m Out of Balance!”

- **The books violate one of the equations:**
 - ASSETS = LIABILITY + EQUITY
 - TOTAL DEBITS = TOTAL CREDITS
- **The cash account(s) won’t reconcile to the BANK.**
- **A coach says the activity account doesn’t match her records.**
- **There is a serious INNER EAR problem 😊**

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The Accounting Equation

$$\text{ASSETS} = \text{LIABILITIES} + \text{EQUITY}$$

Every Transaction must have TWO parts and Maintain the balance.

Examples:

- **Move Money to Savings:**
 - - ASSET (Checking) + ASSET(Savings)
- **Write a Check**
 - - ASSET(Checking) - EQUITY(Expenditure – Band Uniforms)
- **Write a Receipt**
 - + ASSET(Checking) + EQUITY(Income – Book Fee)

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Debits – Credits

Simplify things! -- YES

ACCOUNT TYPE	BALANCE	TO INCREASE	TO DECREASE
ASSET	DEBIT	DB	CR
LIABILITY	CREDIT	CR	DB
EQUITY	CREDIT	CR	DB
INCOME	CREDIT	CR	DB
EXPENDITURE	DEBIT	DB	CR

**EVERY TRANSACTION
will have a DB part and a CR part.
THERE ARE NO EXCEPTIONS.**

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Use a T chart

Simple Transactions

TRANSACTION	DEBIT	CREDIT
RECEIPT	Cash	Income Account
RECEIPT(Void)	Income Account	Cash
CHECK	Exp. Account	Cash
CHECK (Void)	Cash	Exp. Account

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Discussion Question

- Obviously your personal checking account is one of your **ASSETS**. Why does the **BANK** say “I’m going to **CREDIT** your account when they do a **REFUND** which will **INCREASE** your **ASSET**”?

MY ANSWER

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Accounts Payable Process

Transaction	Exp. Account DEBIT	Res. Enc. CREDIT	Acc. Payable CREDIT	Cash DEBIT
PO for \$100	100 DB	100 CR		
Invoice \$90 Full Payment	100 CR 90 DB	100 DB	90 CR	
AP Check	90 CR 90 DB		90 DB	90 CR
Net Change	90 DB			90 CR

Exercise

Write the **SIMPLEST** transaction needed to **VOID** the entire sequence.

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Void Accounts Payable Check

Transaction	Exp. Account DEBIT	Res. Enc. CREDIT	Acc. Payable CREDIT	Cash DEBIT
PO for \$100	100 DB	100 CR		
Invoice \$90 Full Payment	100 CR 90 DB	100 DB	90 CR	
AP Check	90 CR 90 DB		90 DB	90 CR
Net Change	90 DB			90 CR
Check (Void)	90 CR			90 DB

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AP Process Partial Payment

Transaction	Exp. Acct. DEBIT	Res. Enc. CREDIT	Acc. Payable CREDIT	Cash DEBIT
PO for \$100	100 DB	100 CR		
Invoice \$90 Partial Payment	90 CR 90 DB	90 DB	90 CR	
AP Check	90 CR 90 DB		90 DB	90 CR
Net Change	100 DB	10 CR		90 CR

Purchase Order is left with 10.00 Encumbrance

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AP Process-Partial Payment Close PO

Transaction	Exp. Acct. DEBIT	Res. Enc. CREDIT	Acc. Payable CREDIT	Cash DEBIT
PO for \$100	100 DB	100 CR		
Invoice \$90 Partial Payment	90 CR 90 DB	90 DB	90 CR	
AP Check	90 CR 90 DB		90 DB	90 CR
Close PO	10 CR	10 DB		90 CR
Net Change	90 DB			90 CR

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AP Process NO PO

Transaction	Exp. Acct. DEBIT	Res. Enc. CREDIT	Acc. Payable CREDIT	Cash DEBIT
Invoice \$90	90 DB		90 CR	
AP Check	90 CR 90 DB		90 DB	90 CR
Net Change	90 DB			90 CR

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How does the system know which account is CASH?

File → Manager → Posting Definitions → Browse Posting Definitions

Code	Fund	Name	BGL File	Formatted Account	Account	PostFl	Activity	Tch
AP	10	*SYSTEM Accounts Payable	10-00-200-000-1000		00-200-000		1000	
AR	10	ASSET Accounts Receivable	10-00-000-0120-0000		00-000-0120		0000	
AROFFSET	10	ASSET Accounts Receivable	10-00-000-0120-0000		00-000-0120		0000	
BANKCHG	10	INTEREST EARNED Interest	10-44-444-4444-1510-1002		44-444-4444-1510		1002	
BANKINT	10	INTEREST EARNED Interest	10-44-444-4444-1510-1002		44-444-4444-1510		1002	
CASH	10	ASSET Cash Checking	10-00-000-0101-0000		00-000-0101		0000	
CASHADJ	10	*SYSTEM Cash Over & Short	10-00-400-000-1000		00-400-000		1000	
DEPOSIT	10							
ENC	10	*SYSTEM Encumbrance Reserve	10-00-600-000-1000		00-600-000		1000	
FNDBAL	10	ACTIVITIES ADMN Fund Balance	10-00-000-0970-1100		00-000-0970		1100	
FNDBALCHG	10							
LRODP	10							
NSF	10				0000-8139-0-000		0000	
SALESTAX	10							
STDDEP	10							
TRIN	10				2001-5220-0-000		2001	
TROUT	10				2001-5221-0-000		2001	
WH	10							

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Trial Balance An Auditor's View

Reports → Financial Statements → Trial Balance

Trial Balance Control

Period

1
 2
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12

Reports

Trial Balance

Trial Balance Options

Current Year
 Through Period Above

Print Preview Export To Excel

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Trial Balance

Happydale High 09-10

Report Date and Time: 6/12/10 8:33PM

Trial Balance

Account	For Current Year	Type	Db/Cr	Debit	Credit
10-00-000-0101-0000 ASSET Cash Checking		1	D	347,082.04	
10-00-000-0110-0000 ASSET Charge Fund		1	D	3,500.00	
10-00-000-0120-0000 ASSET Accounts Receivable		1	D		
10-00-200-000-1000 -SYSTEM Accounts Payable		2	C	5.00	
10-00-400-000-1000 -SYSTEM Cash Over & Short		2	C	172.58	
10-00-000-0970-1002 INTEREST EARNED Fund Balance		3	C		429.14
10-00-000-0970-1004 YEARBOOK Fund Balance		3	C	4,959.28	
10-00-000-0970-1006 NEWSPAPER Fund Balance		3	C	137.95	
10-00-000-0970-1010 BSTR-FN HRDSHP Fund Balance		3	C		4,385.31
10-00-000-0970-1012 BSTR-OUT CLUBS Fund Balance		3	C		3,630.50
10-00-000-0970-1016 BSTR-ATH TRAINR Fund Balance		3	C		77.50
10-00-000-0970-1032 BSTR-SOFTBALL Fund Balance		3	C		396.22
10-00-000-0970-1038 BSTR-TENNIS Fund Balance		3	C		48.87
10-00-000-0970-1038 BSTR-BOYS TRACK Fund Balance		3	C		306.10
<p>A DB balance in a CR account indicates a NEGATIVE balance.</p>					
10-37-720-6100-0582-1022 BSTR-B BSKTBALL Travel		5	D	948.73	
10-37-720-6100-0582-1024 BSTR-G BSKTBALL Travel		5	D	491.73	
10-37-720-6100-0582-1026 BSTR-WRESTLING Travel		5	D	967.60	
10-37-720-6100-0582-1028 BSTR-VOLLEYBALL Travel		5	D	1,275.00	
10-37-720-6100-0582-1030 BSTR-CROSS CTRY Travel		5	D	757.00	
10-37-720-6100-0582-1034 BSTR-GOLF Travel		5	D	770.00	
10-37-720-6100-0582-1042 BSTR-SWIMMING Travel		5	D	433.84	
10-37-720-6100-0582-1044 BSTR-DRAMA Travel		5	D	320.97	
10-37-720-6100-0582-1046 BSTR-SPEECH Travel		5	D	1,273.00	
10-37-720-6100-0582-1048 BSTR-BAND Travel		5	D		
10-37-720-6100-0582-1054 BSTR-CHEERLEAD Travel		5	D	202.37	
10-37-720-6100-0610-1010 BSTR-FN HRDSHP Supplies		5	D	157.00	
10-37-720-6100-0610-1050 BSTR-CHOIR Supplies		5	D	2,418.00	
10-37-720-6100-0615-1054 BSTR-CHEERLEAD Fund Balance		5	D	861.00	
10-37-720-6100-0910-1215 TUITION Resource Transfer		5	D	10,130.16	
10-37-720-6100-1700-1010 BSTR-FN HRDSHP Fees & Fines		5	D	1,324.70	
				710,351.64	710,351.64

These must ALWAYS be EQUAL