

SAM—STANDARD ENTRIES (Cont.d)

ENTRY NO. A-10
(Renumbered 5/95)

10612

Nature of Transaction:

Revenue accounts are adjusted for dishonored checks outstanding at June 30. (Except that revenue accounts are not adjusted for dishonored checks estimated to be collectible in the coming fiscal year.)

This entry is required as of June 30 only for those agencies that do not adjust their revenue accounts as dishonored checks are redeemed from banks. This entry is made as of June 30 and is not reversed as of July 1.

Journal Entry for General Ledger Accounts:

Debit:

3110	Due to Other Funds or Appropriations	a/
3410	Revenue Collected in Advance	b/
3420	Reimbursements Collected in Advance	c/
3730	Uncleared Collections	d/
8000	Revenue	e/
8100	Reimbursements	f/
9000	Appropriation Expenditures	g/
9891	Refunds to Reverted Appropriations	h/
9892	Prior Year Revenue Adjustments	i/
9893	Prior Year Appropriation Adjustments	j/

Credit:

1600	Provision for Deferred Receivables	k/
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- a/ Amount of dishonored checks held by feeder funds on revenue items collected for other funds or appropriations where the items were not identified as being earned as of the preceding June 30.
- b/ Amount of dishonored checks on revenue collected in advance.
- c/ Amount of dishonored checks on reimbursements collected in advance.
- d/ Amount of dishonored checks on deferred reimbursement items that are still credited to uncleared collections pending their being ordered into the treasury.
- e/ Amount of dishonored checks on revenue items not identified as being earned as of the preceding June 30.
- f/ Amount of dishonored checks on deferred reimbursement items that have already been credited as reimbursements.
- g/ Amount of dishonored checks on current year abatements.

(Continued)

SAM—STANDARD ENTRIES (Cont.d)

(Continued)

ENTRY NO. A-10
(Renumbered 5/95)

10612 (Cont. 1)

- h/ Amount of dishonored checks on refunds to reverted appropriations.
- i/ Amount of dishonored checks applicable to revenue (except reimbursements) which was identified as being earned as of the preceding June 30.
- j/ Amount of dishonored checks on deferred reimbursement items of prior fiscal year appropriations.
- k/ $a + b + c + d + e + f + g + h + i + j$

Source:

Analysis of dishonored checks purchased during the year which have not cleared as of June 30.

Explanation:

Dishonored checks usually are honored upon later presentation to a bank or they are substituted by other checks or legal tender within a short period of time. Therefore, the procedure of debiting the dishonored checks account at the time an agency buys back a dishonored check from a bank is a method whereby the agency does not have to adjust its accounts for each transaction of this type. Under such procedure, however, an adjustment is required at the close of the fiscal year. It is also necessary to make appropriate adjustments to the remittance of June receipts to the State Treasury. The latter adjustment is for the amounts remitted previously which remain outstanding as dishonored checks in agency accounts on June 30.