

SAM—STANDARD ENTRIES

ENTRY NO. 11 – [ALTERNATE ENTRY FOR DISHONORED CHECKS] (Revised 10/2015)

10511

This entry is an alternate method to record payment of dishonored checks.

Information:

Cash is disbursed from the department's General Cash account to reimburse banks for dishonored checks. (This alternate procedure is to be used by departments that desire to charge dishonored checks to revenue accounts previously credited.)

This entry is an alternate procedure for recording dishonored checks to that shown in Entry No. 10. This entry directly adjusts the accounts affected by dishonored check transactions. When the dishonored check is redeposited or a replacement check is received:

- increase the cash and revenue accounts, and
- decrease the receivable and provision accounts.

At year-end, accrue the amount of dishonored checks expected to be collected in the next fiscal year. See Adjusting Entry No. A-9 for a similar accounting entry.

Source Document:

Bank debit notice of dishonored checks

Register:

General Cash Disbursements Register

Journal Entry for payment of dishonored check:

Debit:

1315 Accounts Receivable—Dishonored Checks a/

Credit:

1110 General Cash a/

AND

Debit:

3110 Due to Other Funds or Appropriations b/

8000 Revenue c/

8100 Reimbursements d/

Credit:

1600 Provision for Deferred Receivable e/

a/ total amount of dishonored checks purchased.

b/ amount of dishonored checks previously accounted as revenue collected for other funds.

c/ amount of dishonored checks previously accounted as revenue.

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(Continued)

ENTRY NO. 11 – [ALTERNATE ENTRY FOR DISHONORED CHECKS] 10511 (Cont.1)
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d/ amount of dishonored checks applicable to reimbursements that are not to be accounted as reimbursements until collected or until ordered into the State Treasury.

e/ amount of dishonored checks that will not be credited to income accounts until collected and the receivables for which must be fully reserved.