

Policy Number: 2.25.0

Title: ACCOUNTING FOR GRANT REVENUES/EXPENSES

Introduction:

This policy has been developed to establish the method to account for grant revenues and expenses.

Ends:

From time to time, the District is awarded a grant. The following procedure will be used to account for grant revenues and expenses.

1. GENERAL: Grant revenues and expenses are recorded in a separate governmental fund.
2. EXPENSES: Expenses incurred by outside parties shall be posted to the appropriate expense category in the grant fund and to the appropriate payable in the grant fund.
3. ASCWD EXPENSES: Expenses incurred by ASCWD in connection with the grant, e.g. reimbursable staff time, shall be posted in the grant fund – debit “ASCWD Expense” and credit “Interfund Transfer”. In the fund where the expenses are incurred, e.g., Fire, Water, Sewer, debit “Interfund Transfer” and credit the expense (for example, staff salaries).
4. BILLINGS: Detailed billings to the granting agency shall be handled manually on agency-required forms with a summary bill prepared by the accounting system. The total amount billed amount, including billings of ASCWD expenses, shall be posted in the grant fund as a credit to “Grant Revenue” and a debit to “Grant Receivable”.
5. RECEIPTS FROM AGENCY: When monies are received from the granting agency, the following accounts shall be posted: debit to cash, credit to grant receivable. If a retention amount is withheld by the granting agency, the grant receivable shall reflect an outstanding amount.
6. PAYMENTS TO VENDORS/DISTRICT: When the vendor bills are paid, the following accounts shall be posted: credit to cash, debit to the appropriate payable with the amount received by the grant provider, less any retention amount withheld by the District. If the District withholds a retention amount, a credit to the retention payable account shall be posted with the retention amount. No additional accounts are posted in the case of payments to the District.
7. RETENTION AMOUNTS: When the grant is complete and the grant provider pays the retained amounts, payments shall be made to vendors in accordance with the procedure set forth in #6 above. When the District pays the amounts it has withheld, the retention payable account shall be debited and cash shall be credited.
8. CLOSING OUT OF THE GRANT: All accounts in the grant fund should be eliminated at closing by an interfund transfer to the appropriate operating fund.

Responsibility:

The General Manager and District Account shall be responsible for implementation of this policy.