

SECTION 582: EXPENDITURE ADJUSTMENTS

1. Purpose. The purpose of an expenditure adjustment, as addressed in this section, is to correct or otherwise modify a previously recorded expenditure transaction.
2. Scope. The general description in this section is intended to cover all expenditure adjustments recorded by DAGS Accounting Division except the following:
 - (a) "Adjusting journal entries" made to General Ledger accounts after the Pre-Closing Trial Balance is taken at the end of a fiscal year, in connection with closing the accounting records for the year.
 - (b) "Reclassification journal entries" made to General Ledger accounts, on a memorandum (worksheet) basis, at the end of a fiscal year, as part of the preparation of financial statements in conformity with "generally accepted accounting principles" that differ from the manner in which the accounting records are actually maintained throughout the year.
3. Responsibilities. The preparation of expenditure adjustments is the responsibility both of departments and agencies, and of DAGS Accounting Division. Usually the adjustments that departments and agencies prepare are oriented toward the correction of the previously recorded expenditure transaction itself, whereas the adjustments that DAGS Accounting Division prepares are oriented toward the maintenance of the ledger controls in the central accounting system. The delineation between responsibilities is not precise, however, and certain adjustment situations require communication and cooperation between both organizations.
4. Forms for Expenditure Adjustments. The primarily used forms for expenditure adjustments are:
 - (a) the JOURNAL VOUCHER, for recording non-routine error-corrections, and for other adjustments of previously recorded expenditure transactions;
 - (b) the SUMMARY WARRANT VOUCHER, for those instances of error-correction made by the actual transmission of cash; and,
 - (c) the WARRANTS CANCELLED form, for reversing expenditures by the method of cancelling the related issued warrant.

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5. Expenditure Adjustments by Receipts. In some cases, expenditure adjustments are recorded via the deposit of cash receipts, where the receipts are reimbursements of refunds of previous expenditures. These expenditure adjustments require careful coding on TREASURY DEPOSIT RECEIPTS, as illustrated by the following examples:
- (a) Current year reimbursements. In cases where both the previously recorded expenditure and the related reimbursement occur in the same fiscal year, the reimbursement should be credited to the same classifications initially charged by the expenditure. For example, for an expenditure previously recorded with the following coding:

22 S 80 301 A 000 3240,

the TREASURY DEPOSIT RECEIPT for the reimbursement should be coded as follows:

12 S 80 301 A 000 3240.

- (b) Prior year reimbursements, General Fund. In cases where a previously recorded General Fund expenditure is recorded in one fiscal year, and the related reimbursement occurs in a subsequent fiscal year, the reimbursement should be credited to General Fund revenues, since the General Fund budgetary accounts for the fiscal year of expenditure have been closed. For example, for a General Fund expenditure previously recorded with the following coding:

22 G 80 001 A 000 3240,

the TREASURY DEPOSIT RECEIPT for the reimbursement should be coded as follows:

01 G 00 000 A 000 1364.

The TREASURY DEPOSIT RECEIPT for reimbursement should not be coded
12 G 80 001 A 000 3240.

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- (c) Prior year reimbursements, non-General Fund. In cases where a previously recorded non-General Fund expenditure is recorded in one fiscal year, and the related reimbursement occurs in a subsequent fiscal year, the reimbursement should be credited to the same appropriation account code initially charged by the expenditure. For example, for an expenditure previously recorded with the following coding:

22 S 80 301 A 000 3240,

the TREASURY DEPOSIT RECEIPT for the reimbursement should be coded as follows:

02 S 81 301 A 000 1364.

The TREASURY DEPOSIT RECEIPT for reimbursement should not be coded 12 S 81 301 A 000 3240.

- (d) All Bond Fund reimbursements. A special rule applies to reimbursements of expenditures initially made from Bond Funds, because the project-oriented records of the Bond Funds must accumulate costs that cross fiscal years. For any such reimbursement transactions, the reimbursement should be credited to the same appropriation account code initially charged by the expenditure. It is also necessary that the object code initially charged be credited with the reimbursement. For example, assume that an appropriation coded B-78-401-C became effective on July 1, 1978 and that an expenditure transaction was recorded in March 1979 coded as follows:

22 B 78 401 C 000 4200.

For a reimbursement of the expenditure received in August 1979, the TREASURY DEPOSIT RECEIPT for the reimbursement should be coded as follows:

12 B 78 401 C 000 4200.

6. Transaction Code Matrix for Receipts Adjusting Expenditures. While the description in the preceding subsection is intended to be general in nature, the following matrix with more specific transaction-recording information is provided for a more detailed understanding of reimbursement transaction codes where it would be helpful or otherwise desired.

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REIMBURSEMENT TRANSACTION CODES	GENERAL FUND	SPECIAL FUNDS	BOND FUND	TRUST AND AGENCY FUNDS
EXPENDITURE TRANSACTION CODES				
<u>CURRENT YEAR</u>				
<u>REIMBURSEMENTS:</u>				
21	11	11	11	N/A
22	12	12	12	12
23	13	13	13	13
24	14	14	14	14
25	15	15	15	15
<u>PRIOR YEAR</u>				
<u>REIMBURSEMENTS:</u>				
21	01	02	11	N/A
22	01	02	12	03
23	01	02	13	03
24	01	02	14	03
25	05	15	15	15