

NARRATIVE

Federal Aid Construction projects are projects that are funded in part with federal funds. The matching funds can be from many sources including State Aid Regular or Municipal funds, Bridge Bonding funds, County local funds, or those of townships, cities, or private enterprises within the county who are participating in the funding of the project.

The two types of Federal Aid construction projects we will be discussing are Traditional Contracts (Mn/DOT let projects) and Delegated Contract Process (County let projects).

An important difference between Traditional Contracts and the Delegated Contract Process is the way the funds are handled.

TRADITIONAL PROJECTS (Mn/DOT ADMINISTERS CONTRACT)

Mn/DOT, as an agent for the county, administers the contract for the county. Mn/DOT lets the project, makes the payments to the contractor and collects Federal, State Aid or local reimbursement. Federal Funds are collected and deposited into the Federal County Road & Bridge Account with Mn/DOT. The matching State Funds **ARE NOT** disbursed to the county. State Aid Finance **transfers** the funds directly into the Agency Account from the county's appropriate State Aid Account. A **TRANSFER NOTICE** is sent to the county so the county can make the appropriate entries to their records. Local funds (county, township, individuals, etc.) are billed to the county up front before the project can be awarded.

DELEGATED CONTRACT PROCESS (COUNTY ADMINISTERS CONTRACT)

The county lets the project, makes payments to the contractor and collects the necessary funds. The county must bill Mn/DOT for the Federal Funds after contract payments are made. Federal Funds are on a reimbursement basis only, they can not be advanced at the beginning of the project. State Aid Funds can be advanced to the county at the beginning of the project similar to non-federal projects. The county pays any local share (county, township, individuals, etc.) as the contract payments are made.

Since the accounts used and the entries to record transactions are different for the two processes, the following pages are broken into 2 sections; **TRADITIONAL PROJECTS** (Mn/DOT let projects) and **DELEGATED CONTRACT PROCESS** (County let projects). In both cases the state will encumber 5% of the total State Aid share. This amount is removed from the Counties available State Aid balance. With **TRADITIONAL PROJECTS** (Mn/DOT let projects) the 5% is held in an account identified as **Anticipated Federal Transfers**. This account is similar to the **Receivable Account** used for County let projects. However, since the county does not receive the funds it is not a receivable. Similar to the **Receivable Account**, the **Anticipated Federal Transfers Account** is set up to record the encumbered portion of the State Aid funds until the project is finished.

TRADITIONAL PROJECTS (Mn/DOT ADMINISTERS CONTRACT)**ACCOUNTS NEEDED**

<i>(const exp)</i>	- REGULAR CONSTRUCTION EXPENSE
<i>(const exp)</i>	- MUNICIPAL CONSTRUCTION EXPENSE
<i>(const exp)</i>	- FEDERAL CONSTRUCTION EXPENSE
<i>(const exp)</i>	- BRIDGE BONDING CONSTRUCTION EXPENSE
<i>(revenue)</i>	- REGULAR CONSTRUCTION REVENUE
<i>(revenue)</i>	- MUNICIPAL CONSTRUCTION REVENUE
<i>(revenue)</i>	- FEDERAL CONSTRUCTION REVENUE
<i>(revenue)</i>	- BRIDGE BONDING CONSTRUCTION REVENUE
<i>(asset)</i>	- REGULAR CONSTRUCTION - ANTICIPATED FEDERAL TRANSFERS
<i>(asset)</i>	- MUNICIPAL CONSTRUCTION - ANTICIPATED FEDERAL TRANSFERS
<i>(asset)</i>	- REGULAR CONSTRUCTION - ANTICIPATED EXPENSE
<i>(asset)</i>	- MUNICIPAL CONSTRUCTION - ANTICIPATED EXPENSE
<i>(asset)</i>	- PREPAID FEDERAL - CONSTRUCTION EXPENSE
<i>(asset)</i>	- CASH
<i>(asset)</i>	- REGULAR CONSTRUCTION ALLOTMENT
<i>(asset)</i>	- MUNICIPAL CONSTRUCTION ALLOTMENT
<i>(liability)</i>	- REGULAR CONSTRUCTION DEFERRED REVENUE
<i>(liability)</i>	- MUNICIPAL CONSTRUCTION DEFERRED REVENUE

SEQUENCE OF EVENTS**LOCAL OBLIGATION**

If the project is funded in part with local funds, the county will be required to submit 100% of the local contribution to Mn/DOT before the project can be awarded. The following entry would be used to record this transaction. Refer to page 6.11, Example A, #1 for a graphic display of this entry.

1. Recognize Prepaid Federal Construction Expense

Accounting Entry

Debit Account: *(asset)* Prepaid Federal Construction Expense

Credit Account: *(asset)* Cash

When a Federal Aid construction project is let and a portion of the funding is from State Aid funds, the county will receive a ***PARTIAL STATE AID TRANSFER NOTICE*** when the funds have been transferred from their account. Under the current procedures, these dollars now represent Grant Revenue and Construction Expenses. The accounting entries associated with the initial Partial State Aid Transfer Notice are below. Note this example has both State Aid and Bridge Bonding Funds on the project. Unlike the State Aid Funds, Bridge Bonding Funds ***CAN NOT*** be transferred until actual expenditures have been incurred and paid. For this reason, partial transfers may be processed periodically or not until the end of the project. Refer to page 6.11, Example A, #2A and 2B for a graphic display of these entries.

1. For State Aid Obligation

Accounting Entry - reduce the State Aid Allotment by the State Aid obligation

Debit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

Credit Account: (*asset*) State Aid Allotment (Reg. or Muni. Const.)

2. Recognize Partial State Aid Transfer

Accounting Entry - 95% of State Aid obligation to Federal Project

Debit Account: (*asset*) Anticipated State Aid Construction Expense

Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

PROJECT DEVELOPMENT, RIGHT OF WAY REIMBURSEMENT, ETC.

The process to receive reimbursement for Project Development, Right of Way, Utility Relocation, etc. is different if part of the costs are funded with Federal Funds or if no Federal Funds are involved (strictly State Aid Funds).

If Federal Funds are involved, an agreement must be written and the funds must be approved with the Federal Highway Administration. The matching funds are generally local or Fund 29, but it is possible to have State Aid. Invoices are submitted to Mn/DOT for reimbursement once costs have been incurred and paid by the county. The county absorbs the local funds as the costs are incurred.

If Federal Funds are not involved, the process is easier. The county submits the request for reimbursement on the Report of State Aid Contract.

The entries below reflect the different types of entries required for the different types of requests.

A) COSTS WITH FEDERAL AID FUNDS

When the county submits an invoice to Mn/DOT, the county records a receivable and the revenue earned for the amount of the invoice. The cash receipt is recorded when the county receives the money. Refer to page 6.11, Example A, #3A1 and 3A2 for a graphic display of these entries.

1. Record Receivable (for invoice amount)

Accounting Entry - Bridge Bonding Grant (if any)

Debit Account: (*asset*) Bridge Bonding Grant - Receivable

Credit Account: (*revenue*) Bridge Bonding Construction Revenue

Accounting Entry - Federal Funds

Debit Account: (*asset*) Federal - Receivable

Credit Account: (*revenue*) Federal Construction Revenue

2. Record cash receipt

Accounting Entry - Bridge Bonding Grant (if any)

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Bridge Bonding Grant - Receivable

Accounting Entry - Federal funds

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Federal - Receivable

B. COSTS WITHOUT FEDERAL AID FUNDS (STATE AID FUND)

Refer to page 6.11, Example A, #3B1 and 3B2 for a graphic display of these entries.

1. Recognize receipt of Project Development, Construction Engineering, Utility Relocation and Right of Way.

Accounting Entry

Debit Account: (*asset*) Cash

Credit Account: (*asset*) State Aid Allotment (Reg. or Muni. Const.)

2. Recognize Revenue (for the amount of State Aid Receipt)

Accounting Entry

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

The following entries should be made for EACH PROJECT WORKSHEET. Refer to page 6.11, Example A, #4A, 4B, 4C, 4D, and 4E for a graphic display of these entries.

1. Recognize Federal Construction Expense and Revenue (deduct prior years expenses and revenues).

Accounting Entry

Debit Account: (*const exp*) Federal Construction Expense

Credit Account: (*revenue*) Federal Construction Revenue

2. Recognize Bridge Bonding Construction Expense and Revenue (deduct prior years expenses and revenues).

Accounting Entry

Debit Account: (*const exp*) Bridge Bonding Construction Expense

Credit Account: (*revenue*) Bridge Bonding Construction Revenue

3. Recognize State Aid Construction Expense and Revenue (deduct prior years expenses and revenues)

Accounting Entry

Debit Account: (*const exp*) State Aid Construction Expense (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

Note: The Anticipated Expense accounts may carry a credit balance if construction expenses exceed the original 95% transfer, this will be corrected by future transfers on the project.

4. Recognize local construction expense (deduct prior years expenses)

Accounting Entry

Debit Account: (*const exp*) Federal Construction Expense

Credit Account: (*asset*) Prepaid Federal Construction Expense

PROJECT IS FINALED

Unless more State Aid funds are transferred for the federal project (in which case the entries would be identical to those described in State Aid Transfer Notice on page 6.3). The county will generally not receive any notices from State Aid until the project is final. Once the project has been finalized by Mn/DOT, the county will receive a Final State Aid Transfer Notice. This notice indicates the final amount of State Aid Funds transferred for the federal project.

The situations that could occur at this point are:

- A) - Project is completed as estimated
- B) - Project is completed with an OVERRUN
- C) - Project is completed with an UNDERRUN where the initial State Aid transfer is LESS THAN final contract amount
- D) - Project is completed with an UNDERRUN where the initial State Aid transfer is MORE THAN final contract amount

A) PROJECT IS COMPLETED AS ESTIMATED

Refer to page 6.11, Example A, #5A, 5B, 5C, 5D, 5E and 5F for a graphic display of these entries.

1. Recognize remaining State Aid Construction Expense.

Accounting Entry

Debit Account: (*const exp*) State Aid Construction Expense (Reg. or Muni. Const.)
Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

2. Recognize remaining State Aid Revenue.

Accounting Entry

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)
Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

3. Recognize final transfer of State Aid Funds.

Accounting Entry

Debit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)
Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

Note: Previous entries have recognized State Aid Construction Expenses, the Anticipated Expense account will have a credit balance since expenses will exceed the original 95% transfer. The final transfer will net the balance of the Anticipated Expense and Anticipated State Aid Transfer accounts to zero.

B) PROJECT OVERRUNS ORIGINAL ESTIMATE

Refer to page 6.12, Example B, #5A, 5B, 5C, 5D, 5E, 5F and 5G for a graphic display of these entries.

1. Reduce the State Aid Allotment (for the amount of the State Aid OVERRUN - the difference between the transfer and the encumbered amount).

Accounting Entry -

Debit Account: (*asset*) Anticipated Federal Transfers (Reg. or Muni. Const.)

Credit Account: (*asset*) State Aid Allotment (Reg. or Muni. Const.)

2. Recognize remaining Construction Expense.

Accounting Entry

Debit Account: (*const exp*) State Aid Construction Expense (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

3. Recognize remaining Revenue.

Accounting Entry

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

4. Recognize final transfer of State Aid Funds.

Accounting Entry

Debit Account: (*asset*) Anticipated Expense (Reg. or Muni. Constr.)

Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Constr.)

Note: Previous entries have recognized State Aid Construction Expenses, the Anticipated Expense account will have a credit balance since expenses will exceed the original 95% transfer. The final transfer will net the balance of the Anticipated Expense and Anticipated State Aid Transfer accounts to zero.

C) UNDERRUN - INITIAL TRANSFER IS LESS THAN FINAL CONTRACT AMOUNT

Refer to page 6.13, Example C, #5A, 5B, 5C, 5D, 5E, 5F and 5G for a graphic display of these entries.

1. Increase the State Aid Allotment (for the amount of the State Aid UNDERRUN - the difference between the transfer and the encumbered amount).

Accounting Entry

Debit Account: (*asset*) State Aid Allotment (Reg. or Muni. Constr.)

Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

2. Recognize remaining Construction Expense.

Accounting Entry

Debit Account: (*const exp*) State Aid Construction Expense (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

3. Recognize remaining Revenue.

Accounting Entry

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

4. Recognize final transfer of State Aid Funds.

Accounting Entry

Debit Account: (*asset*) Anticipated Expense (Reg. or Muni. Constr.)

Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Constr.)

Note: Previous entries have recognized State Aid Construction Expenses, the Anticipated Expense account will have a credit balance since expenses will exceed the original 95% transfer. The final transfer will net the balance of the Anticipated Expense and Anticipated State Aid Transfer accounts to zero.

5. Recognize refund of remaining Local Funds (if any).

Accounting Entry

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Prepaid Federal Construction Expense

D) UNDERRUN - INITIAL TRANSFER IS MORE THAN FINAL CONTRACT AMOUNT

Refer to page 6.14, Example D, #5A, 5B, 5C, 5D, 5E, 5F and 5G for a graphic display of these entries.

1. Increase the State Aid Allotment (for the amount of the State Aid UNDERRUN - the difference between the transfer and the encumbered amount).

Accounting Entry

Debit Account: (*asset*) State Aid Allotment (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

2. Recognize remaining Construction Expense.

Accounting Entry

Debit Account: (*const exp*) State Aid Construction Expense (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

3. Recognize remaining Revenue.

Accounting Entry

Debit Account: (*liability*) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (*revenue*) State Aid Revenue (Reg. or Muni. Const.)

4. Recognize the difference between actual expenses and the initial transfer amount, decrease the Anticipated Expense Account.

Accounting Entry -

Debit Account: (*asset*) Anticipated State Aid Transfers (Reg. or Muni. Const.)

Credit Account: (*asset*) Anticipated Expense (Reg. or Muni. Const.)

Note: The difference between the actual expenses and the initial transfer amount will net the balance of the Anticipated Expense and Anticipated State Aid Transfer accounts to zero.

5. Recognize refund of remaining Local Funds (if any).

Accounting Entry

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Prepaid Federal Construction Expense

EXAMPLES

Example A

EXAMPLE A																
SF 88-602-02 completed as estimated																
ACCOUNT NAMES	ACCOUNT TYPES	Reg/Mun Construction Expenses	Federal Construction Expenses	Bridge Bond Construction Expenses	Local - Fed Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Bridge Bond Construction Revenue	Cash	Federal Construction Receivable	Reg/Mun Anticipated Transfer	Reg/Mun Anticipated Expenses	Prepaid Federal Expenses	Reg/Mun Construction Allotment	Reg/Mun Construction Def Rev	Fund Balance
		expense	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	asset	liability	equity
Jan 1 Beginning Balance														20,000	(20,000)	
Jan 25 New Years Allotment														150,000	(150,000)	
SF 88-602-02																
1 Apr 16 Local Obligation Paid									(260,000)		75,325	71,559	260,000	(75,325)		
2A Apr 16 State Aid Transfer Notice											(71,559)					
2B Apr 16 Transfer of 55%																
3A1 May 4 Fed Proj Dev Request						(10,000)				10,000						
3A2 May 15 Receipt of Fed Proj Dev									10,000	(10,000)						
3B1 May 15 SA Proj Dev Receipt									5,000					(5,000)	5,000	
3B2 May 15 SA Proj Dev Rev																
Year-End Ledger Entries																
4A Dec 31 Fed Proj Rev & Expense			6,530,000			(6,530,000)										
4B Dec 31 Local Const Expense					250,000								(250,000)			
4C Dec 31 SA Construction Expense		74,500									(74,500)					
4D Dec 31 SA Revenue							(74,500)								74,500	
4E Dec 31 Br Bond Rev & Expense				1,683,400				(1,683,400)								
Account Totals (year End)		\$ 74,500	\$ 6,530,000	\$ 1,683,400	\$ 250,000	\$ (79,500)	\$ (6,560,000)	\$ (1,683,400)	\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 0
Year End Close									\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 235,000
Jan 23 New Years Allotment														155,000	(155,000)	
Project Finald																
5A Jun 17 Remaining SA Const Exp		825														
5B Jun 17 Remaining SA Revenue						(825)						(825)				825
5C Jun 17 Final SA Transfer											(3,766)	3,766				
5D Jun 17 Fed Proj Rev & Expense			223,000				(223,000)									
5E Jun 17 Local Const Expense					10,000								(10,000)			
Account Totals (year End)		\$ 825	\$ 223,000	\$ 0	\$ 10,000	\$ (825)	\$ (223,000)	\$ 0	\$ (245,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 244,675	\$ (244,675)	\$ 235,000

Example B

EXAMPLE B															
SP 88-602-02 completed with an overrun															
ACCOUNT NAMES	Reg/Mun Construction Expenses	Federal Construction Expenses	Bridge Bond Construction Expenses	Local - Fed Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Bridge Bond Construction Revenue	Cash	Federal Construction Receivable	Reg/Mun Anticipated Transfer	Reg/Mun Anticipated Expenses	Prepaid Federal Expenses	Reg/Mun Construction Allotment	Reg/Mun Construction Def Rev	Fund Balance
ACCOUNT TYPES	expense	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	asset	liability	equity
Jan 1 Beginning Balance													20,000	(20,000)	
Jan 25 New Years Allotment													150,000	(150,000)	
SP 88-602-02															
1 Apr 16 Local Obligation Paid							(260,000)					260,000			
2A Apr 16 State Aid Transfer Notice									10,000	75,325					
2B Apr 16 Transfer of 99%									(10,000)	(71,539)					
3A1 May 4 Fed Proj Dev Request									10,000						
3A2 May 15 Receipt of Fed Proj Dev					(10,000)										
3B1 May 15 SA Proj Dev Receipt								5,000							
3B2 May 15 SA Proj Dev Rev														5,000	
Year-End Ledger Entries															
4A Dec 31 Fed Proj Rev & Expense		6,530,000				(6,530,000)									
4B Dec 31 Local Const Expense				250,000											
4C Dec 31 SA Construction Expense	74,500														
4D Dec 31 SA Revenue														74,500	
4E Dec 31 Br Bond Rev & Expense		1,683,400				(1,683,400)									
Account Totals (year End)	\$ 74,500	\$ 6,530,000	\$ 1,683,400	\$ 250,000	\$ (79,500)	\$ (6,560,000)	\$ (1,683,400)	\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 0
Year End Close								\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 235,000
Jan 23 New Years Allotment															
Project Finalled															
5A Jun 17 Project Overrun State Aid										2,000					
5B Jun 17 Remaining SA Const Exp	2,825														
5C Jun 17 Remaining SA Revenue															
5D Jun 17 Final SA Transfer															
5E Jun 17 Fed Proj Rev & Expense		230,000													
5F Jun 17 Project Overrun Local Obl.															
5G Jun 17 Local Const Expense				11,500											
Account Totals (Year End)	\$ 2,825	\$ 230,000	\$ 0	\$ 11,500	\$ (2,825)	\$ (230,000)	\$ 0	\$ (246,500)	\$ 0	\$ 2,000	\$ (2,000)	\$ 0	\$ 242,675	\$ (242,675)	\$ 235,000

Example C

EXAMPLE C

SP 88-602-02 completed with an underrun - initial transfer is less than final contract

ACCOUNT NAMES	Reg/Mun Construction Expenses	Federal Construction Expenses	Bridge Bond Construction Expenses	Local - Fed Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Bridge Bond Construction Revenue	Cash	Federal Construction Receivable	Reg/Mun Anticipated Transfer	Reg/Mun Anticipated Expenses	Prepaid Federal Expenses	Reg/Mun Construction Allotment	Reg/Mun Construction Def/Rev	Fund Balance
ACCOUNT TYPES	expense	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	asset	liability	equity
Jan 1 Beginning Balance													20,000	(20,000)	
Jan 25 New Years Allotment													150,000	(150,000)	
SP 88-602-02															
1 Apr 16 Local Obligation Paid								(260,000)		75,325		260,000			
2A Apr 16 State Aid Transfer Notice									10,000	(71,539)	71,539				
2B Apr 16 Transfer of 93%								10,000	(10,000)						
2A1 May 4 Fed Proj Dev Request									10,000						
2A2 May 15 Receipt of Fed Proj Dev					(10,000)			10,000	(10,000)						
3B1 May 15 SA Proj Dev Receipt								5,000							
3B2 May 15 SA Proj Dev Rev														5,000	
Year-End Ledger Entries															
4A Dec 31 Fed Proj Rev & Expense		6,530,000				(6,530,000)									
4B Dec 31 Local Const Expense			250,000												
4C Dec 31 SA Construction Expense	74,300														
4D Dec 31 SA Revenue															74,300
4E Dec 31 Br Bond Rev & Expense		1,683,400					(1,683,400)								
Account Totals (year End)	\$ 74,300	\$ 6,530,000	\$ 1,683,400	\$ 250,000	\$ (79,500)	\$ (6,560,000)	\$ (1,683,400)	\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 0
Year End Close								\$ (245,000)	\$ 0	\$ 3,766	\$ (2,941)	\$ 10,000	\$ 89,675	\$ (90,500)	\$ 235,000
Jan 23 New Years Allotment													155,000	(155,000)	
Project Finalled															
5A Jun 17 Project Underman State Aid										(500)			300		
5B Jun 17 Remaining SA Const Exp	325										(325)				
5C Jun 17 Remaining SA Revenue															2,825
5D Jun 17 Final SA Transfer									(3,266)		3,266				
5E Jun 17 Fed Proj Rev & Expense		220,000													(1,300)
5F Jun 17 Refund Underman Local Obl								1,300							(8,300)
5G Jun 17 Local Const Expense															
Account Totals (year End)	\$ 325	\$ 220,000	\$ 0	\$ 8,300	\$ (325)	\$ (220,000)	\$ 0	\$ (243,300)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 245,175	\$ (242,675)	\$ 235,000

Example D

EXAMPLE D

SP 88-602-02 completed with an underrun - initial transfer is greater than final contract

ACCOUNT NAMES	Reg/Mun Construction Expenses	Federal Construction Expenses	Bridge Bond Construction Expenses	Local - Fed Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Bridge Bond Construction Revenue	Cash	Federal Construction Receivable	Reg/Mun Anticipated Transfer	Reg/Mun Anticipated Expenses	Prepaid Federal Expenses	Reg/Mun Construction Allotment	Reg/Mun Construction Deficit	Fund Balance
ACCOUNT TYPES	expense	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	asset	liability	equity
Jan 1 Beginning Balance													20,000	(20,000)	
Jan 25 New Years Allotment													150,000	(150,000)	
SP 88-602-02															
1 Apr 16 Local Obligation Paid								(260,000)		75,325		260,000			
2A Apr 16 State Aid Transfer Notice									10,000						
2B Apr 16 Transfer of 95%									(10,000)	(71,539)			(75,325)		
2A1 May 4 Fed Proj Dev Request															
2A2 May 15 Receipt of Fed Proj Dev					(10,000)			10,000							
3B1 May 15 SA Proj Dev Receipt								5,000							
3B2 May 15 SA Proj Dev Rev														5,000	
Year-End Ledger Entries															
4A Dec 31 Fed Proj Rev & Expense	6,530,000				(6,530,000)										
4B Dec 31 Local Const Expense		250,000													
4C Dec 31 SA Construction Expense	68,500										(68,500)				
4D Dec 31 SA Revenue														68,500	
4E Dec 31 Br Bond Rev & Expense		1,683,400					(1,683,400)								
Account Totals (year End)	\$ 68,500	\$ 6,530,000	\$ 1,683,400	\$ 250,000	\$ (73,500)	\$ (6,560,000)	\$ (1,683,400)	\$ (245,000)	\$ 0	\$ 3,766	\$ 3,059	\$ 10,000	\$ 89,675	\$ (96,500)	\$ 0
Year End Close								\$ (245,000)	\$ 0	\$ 3,766	\$ 3,059	\$ 10,000	\$ 89,675	\$ (96,500)	\$ 235,000
Jan 23 New Years Allotment													155,000	(155,000)	
Project Enabled															
5A Jun 17 Project Underman State Aid										(5,175)					
5B Jun 17 Remaining SA Const Exp	1,650										(1,650)				
5C Jun 17 Remaining SA Revenue														1,650	
5D Jun 17 Refund of Initial Transfer															
5E Jun 17 Fed Proj Rev & Expense		220,000													
5F Jun 17 Refund Underman Local Obl								1,500		1,409					
5G Jun 17 Local Const Expense															
Account Totals (year End)	\$ 1,650	\$ 220,000	\$ 0	\$ 8,500	\$ (1,650)	\$ (220,000)	\$ 0	\$ (243,500)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,850	\$ (249,850)	\$ 235,000

DELEGATED CONTRACT PROCESS (COUNTY ADMINISTERS CONTRACT)

Using the Delegated Contract Process, the County lets the project, makes payments to the contractor and collects the necessary funds.

Federal and Bridge Bonding Funds are on a reimbursement basis only; they can not be advanced at the beginning of the project. State Aid funds can be advanced to the County at the beginning of the project similar to non-federal projects. The county pays any local share (county, township, individuals, etc.) as the contract payments are made.

The county is allowed to bill for the Federal and Bridge Bonding Funds once the expenses have been incurred provided they have an approved payment process assuring the contractor is paid promptly upon receiving reimbursement of the Federal share.

SHARED FEDERAL REVENUE

When more than one local government has a project as part of a DCP it is the administering government that recognizes all federal revenue from the DCP. The administering government does not capitalize the projects from the other governments.

State Aid funds that are forwarded to the administering government from the other participating governments are to be recognized as reimbursements, these funds may be posted to revenues, they are not required to be netted to expenditure accounts.

ADVANCE OF STATE AID FUNDS FOR FEDERAL PROJECTS

If the county has funds available in their State Aid Construction Accounts they may use these funds in lieu of Federal funds on a DCP. The state aid payments are recognized in the following examples:

For State Aid Construction funds that are received in lieu of federal funds:

Accounting Entry - for amount of payment

Debit Account: (asset) Cash

Credit Account: (liability) Due to State Aid Federal Funds

Debit Account: (liability) State Aid deferred revenue (Reg. or Muni. Const.)

Credit Account: (asset) State Aid allotment (Reg. or Muni. Const.)

If Federal funds become available, SAF will transfer the amount of the Federal reimbursement back to the county's State Aid construction account and the following entries will be required. This transfer may occur within the same year or in future years.

For transfer of Federal funds to State Aid construction account to reimburse State Aid funds and recognize federal revenue.

Accounting Entry - for amount of Federal transfer notice

Debit Account: (*liability*) Due to State Aid Federal Funds

Credit Account: (*revenue*) Federal Construction Revenue

Debit Account: (*asset*) State Aid allotment (Reg. or Muni. Const.)

Credit Account: (*liability*) State Aid deferred revenue (Reg. or Muni. Const.)

If the county does not have funds available in their State Aid Construction Account they may advance State Aid funds. The entries for recognizing State Aid revenues for Federal funds would be the same as those discussed above. The discussion below describes the entries required to recognize the State Aid Advance of funds.

ADVANCE RESOLUTION

If the county needs to borrow State Aid Funds in excess of their account balance it is mandatory for the county board to pass a resolution. A copy of the resolution must be sent to the SAF. The county engineer will be notified upon receipt of the resolution.

A resolution is not required when using State Aid funds in lieu of federal funds if there are sufficient funds available in the State Aid Account.

STATE AID FUNDING ON DELEGATED CONTRACT PROCESS***ACCOUNTS NEEDED***

- (const exp)* - REGULAR CONSTRUCTION EXPENSE
- (const exp)* - MUNICIPAL CONSTRUCTION EXPENSE
- (const exp)* - FEDERAL CONSTRUCTION EXPENSE
- (const exp)* - BRIDGE BONDING CONSTRUCTION EXPENSE

- (revenue)* - REGULAR CONSTRUCTION REVENUE
- (revenue)* - MUNICIPAL CONSTRUCTION REVENUE
- (revenue)* - FEDERAL CONSTRUCTION REVENUE
- (revenue)* - BRIDGE BONDING CONSTRUCTION REVENUE

- (asset)* - CASH
- (asset)* - REGULAR CONSTRUCTION RECEIVABLE
- (asset)* - MUNICIPAL CONSTRUCTION RECEIVABLE
- (asset)* - FEDERAL RECEIVABLE
- (asset)* - BRIDGE BONDING RECEIVABLE
- (asset)* - REGULAR CONSTRUCTION ALLOTMENT
- (asset)* - MUNICIPAL CONSTRUCTION ALLOTMENT

- (liability)* - CONTRACTS PAYABLE
- (liability)* - DUE TO STATE AID - OVERPAYMENTS
- (liability)* - REGULAR CONSTRUCTION DEFERRED REVENUE
- (liability)* - MUNICIPAL CONSTRUCTION DEFERRED REVENUE

SEQUENCE OF EVENTS**PROJECT IS APPROVED**

State Aid Allotments are reduced throughout the year as construction contracts are let and sent in for State Aid funding approval. At the time State Aid funding is approved by the State Aid Office you will need to recognize the State Aid Receivable. Refer to page 6.24, Example A, #1 for a graphic display of this entry.

For State Aid Regular and/or Municipal Construction Obligation

Accounting Entry - for amount of State Aid obligation **only**

Debit Account: *(asset)* State Aid Receivable (Reg. or Muni. Const.)

Credit Account: *(asset)* State Aid Allotment (Reg. or Muni. Const.)

ADVANCE PAYMENT FOR STATE AID FUNDS RECEIVED FOR THE PROJECT

After the State Aid Funding has been approved, you will receive the actual payment for the project. The State advances 95% of the total State Aid Construction Obligation. The remaining 5% is *encumbered* and will be paid to you when the project is complete and all costs are verified. Refer to page 6.24, Example A, #2A for a graphic display of this entry.

Accounting Entry - recognize the receipt of the State Aid payment

Debit Account: (*asset*) Cash

Credit Account: (*asset*) State Aid Receivable (Reg. or Muni. Const.)

PROJECT DEVELOPMENT, RIGHT OF WAY REIMBURSEMENT, ETC.

The process for reimbursement of Project Development, Right of Way, etc. is the same whether a project is a Traditional or Delegated Project. Refer to page 6.3 of this chapter for details.

WORK BEGINS ON THE PROJECT

After State Aid approval, work actually begins on the contract. Your county inspectors verify that the work is done according to specifications, and a partial payment is paid to the contractor. The amount of Work Certified (total actual work performed) MINUS retainage (monies withheld from contractor) EQUALS cash paid to the Contractor (actual disbursement).

The following entries will need to be made to recognize the Construction Expense, the *earned* State Aid, Federal and/or Bridge Bonding Revenue, and the Disbursement to the Contractor. Refer to page 6.24, Example A, #3A, 3B, 4, 5A and 5B for a graphic display of these entries.

- A. Recognize the construction expense.

Accounting Entry - as work is certified on contract

Debit Account: (*const exp*) Construction Expenses (Regular,
Municipal, Federal, Bridge Bonding, & Local)

Credit Account: (*liability*) Contracts Payable

B. Recognize Revenue earned

1. For the State Aid Allotment that can now be considered Current Year's ***Earned Revenue***.

Accounting Entry - recognize State Aid Revenue (amount of work certified)

Debit Account: (*liability*) State Aid Deferred Revenue (Reg or Muni. Const.)

Credit Account: (*revenue*) State Aid Construction Revenue (Reg. or Muni. Const.)

2. For the Federal Funds as reported on Form DCP 11 (see example in Appendix, page D.)

Accounting Entry - recognize Federal and/or Bridge Bonding Revenue

Debit Account: (*asset*) Federal Receivable

Credit Account: (*revenue*) Federal Construction Revenue

Debit Account: (*asset*) Bridge Bonding Receivable

Credit Account: (*revenue*) Bridge Bonding Construction Revenue

C. Recognize the disbursement to the contractor.

Accounting Entry - recognize payment to contractor

Debit Account: (*liability*) Contracts Payable

Credit Account: (*asset*) Cash

REIMBURSEMENT OF FEDERAL AND BRIDGE BONDING FUNDS

Once expenses have been incurred and paid, the County can submit invoices to MN/DOT (Form DCP 11, see Appendix page D) to obtain reimbursement for the Federal and/or Bridge Bonding portion of the project. The following entries need to be made. Refer to page 6.24, Example A, #6A and 6B for a graphic display of these entries.

Accounting Entry - recognize receipt of Federal and/or Bridge Bonding Funds

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Federal Receivable

Debit Account: (*asset*) Cash

Credit Account: (*asset*) Bridge Bonding Receivable

FINAL PAYMENT TO CONTRACTOR

When the project is finalized, the county will pay the retainage to the contractor. Refer to page 6.24, Example A, #8 for a graphic display of this entry.

Accounting Entry - recognize payment to contractor

Debit Account: (*liability*) Contracts Payable

Credit Account: (*asset*) Cash

PROJECT IS FINALED

Numerous partial payments may be made to the contractor following the same sequence as in the steps described above. When the contract is completed a **Report of Final Estimate** must be submitted to the State for final approval of the State Aid funds. Once approved, you will either receive a warrant (if there is an amount due) or a **Final Notice** (if there is an overpayment). A final invoice (form DCP 14, see Appendix page E) will also need to be submitted to the state for any final Federal and/or Bridge Bonding funds that are due.

Four different situations can occur when the project is Finalized. They are described in A, B, C, and D below:

- A) - Project is completed as estimated
- B) - Project overruns original estimate
- C) - Project underruns original estimate without a State Aid Overpayment
- D) - Project underruns original estimate with a State Aid Overpayment

A) PROJECT IS COMPLETED AS ESTIMATED

You will also need to submit a final invoice (Form DCP 14, see Appendix page E) to the State for any additional Federal and /or Bridge Bonding funds that are due. When the cash is received you will need to record the cash receipt. Refer to page 6.24, Example A, #9A, 9B, 10A, and 10B for a graphic display of this entry.

Accounting Entry - recognize invoice for Federal and/or Bridge Bonding Funds

Debit Account: (*asset*) Federal Receivable

Credit Account: (*revenue*) Federal Construction Revenue

Debit Account: (*asset*) Bridge Bonding Receivable

Credit Account: (*revenue*) Bridge Bonding Construction Revenue

Accounting Entry - recognize receipt of Federal and/or Bridge Bonding Funds

Debit Account: (asset) Cash

Credit Account: (asset) Federal Receivable

Debit Account: (asset) Cash

Credit Account: (asset) Bridge Bonding Receivable

The State will send the original **encumbered** amount to the county which has already been recorded as a State Aid Receivable. Refer to page 6.24, Example A, #11 for a graphic display of this entry.

Accounting Entry - recognize receipt of encumbered amount

Debit Account: (asset) Cash

Credit Account: (asset) State Aid Receivable (Reg. or Muni. Const.)

B) PROJECT OVERRUNS ORIGINAL ESTIMATE

The State will send the original **encumbered** amount to the County as well as any **additional** State Aid Allotment Monies that are due and available in the allotment. The Final Notice will inform you of the total final project costs. Remember costs that were not previously recorded against your allotment must be recorded at this time. Refer to page 6.25, Example B, #7A, 7B, 7C, and 8 for a graphic display of this entry.

Accounting Entry - reduce the State Aid Allotment Account to recognize the amount of the State Aid *overrun*.

Debit Account: (asset) State Aid Receivable (Reg. or Muni. Const.)

Credit Account: (asset) State Aid Allotment (Reg. or Muni. Const.)

Accounting Entry - recognize remaining State Aid Construction Revenue, total revenue will equal State Aid Obligation for the project.

Debit Account: (liability) State Aid Deferred Revenue (Reg. or Muni. Const.)

Credit Account: (revenue) State Aid Revenue (Reg. or Muni. Const.)

Accounting Entry - recognize receipt of Final Payment for State Aid Obligation.

Debit Account: (asset) Cash

Credit Account: (asset) State Aid Receivable (Reg. or Muni. Const.)

Under normal circumstances the Federal and/or Bridge Bonding entries are not effected by overruns since funds are requested on a reimbursable basis. You will also need to submit a final invoice (Form DCP 14, see Appendix page E) to the State for any additional Federal and/or Bridge Bonding Funds that are due. The entries would be identical as those described in Example A, page 6.20.

C) PROJECT UNDERRUNS ORIGINAL ESTIMATE WITHOUT AN OVERPAYMENT

This means that the State has encumbered too much and will only reimburse the portion of the encumbered amount that covers the total actual project amount. The Final Notice will inform you of the final project costs. Remember that the amount over-estimated and previously reduced your allotment must be restored to your allotment. Refer to page 6.26, Example C, #7A, 7B, 7C, and 8 for a graphic display of this entry.

Accounting Entry - for amount of *underrun*

Debit Account: (*asset*) State Aid Allotment (Reg. or Muni. Const.)

Credit Account: (*asset*) State Aid Receivable (Reg. or Muni. Const.)

Accounting Entry - for amount of State Aid receipt

Debit Account: (*asset*) Cash

Credit Account: (*asset*) State Aid Receivable (Reg. or Muni. Const.)

Under normal circumstances the Federal and/or Bridge Bonding entries are not effected by overruns since funds are requested on a reimbursable basis. You will also need to submit a final invoice (Form DCP 14, see Appendix page E) to the State for any additional Federal and/or Bridge Bonding Funds that are due. The entries would be identical as those described in Example A, page 6.20.

D) PROJECT UNDERRUNS ORIGINAL ESTIMATE WITH AN OVERPAYMENT

This means that the State has encumbered too much and also advanced too much cash to the county. As a result, the county owes the State a refund. The State usually does not request this money back. It is usually recorded as an **overpayment** and applied against the next construction project you submit for State Aid funding. This money should be posted to a Liability Account (Due to State Aid - Overpayments) until you are notified of its use on another project. Refer to page 6.27, Example D, #7A, 7B, 7C, and 7D for a graphic display of this entry.

Recognize the **overpayment**.

Accounting Entry - for amount of **overpayment**

Debit Account: (*asset*) State Aid Allotment

Credit Account: (*liability*) Due to State Aid - Overpayments

Reduce the receivable and increase the allotment for the original **encumbered** amount.

Accounting Entry - for amount of State Aid encumbered

Debit Account: (*asset*) State Aid Allotment

Credit Account: (*asset*) State Aid Receivable



FEDERAL AID - TRADITIONAL & DELEGATED CONTRACT PROC. 6.23

Under normal circumstances the Federal and/or Bridge Bonding entries are not effected by overruns since funds are requested on a reimbursable basis. You will also need to submit a final invoice (Form DCP 14, see Appendix page E) to the State for any additional Federal and/or Bridge Bonding Funds that are due. The entries would be identical as those described in Example A, page 6.20.

FEDERAL AID - TRADITIONAL & DELEGATED CONTRACT PROC. 6.24
EXAMPLES

Example A

EXAMPLE A															
SP 88-601-01 completed as estimated															
ACCOUNT NAMES	↑	Reg/Mun Construction Expenses	Federal Construction Expenses	Bt. Bond. Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Bt. Bond. Construction Revenue	Cash	Reg/Mun Construction Receivable	Federal Construction Receivable	Bt. Bond. Construction Receivable	Reg/Mun Construction Allotment	Contracts Payable	Reg/Mun Construction Def Rev	Fund Balance
ACCOUNT TYPES	↑	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	liability	liability	equity
Jan 1	Beginning Balance											120,000		(120,000)	
Jan 25	New Years Allotment								1,600,000			1,600,000		(1,600,000)	
	SP 88-601-01								200,000			(200,000)			
1	Apr 16 Project approved							190,000	(190,000)						
2A	Apr 16 Receive 95%							5,500	(5,500)					5,500	
2B	Apr 16 Project Develop Received														
2C	Apr 16 Recog Revenue-Proj Devel				(5,500)										
	Partial Payment														
3A	Aug 11 SP 88-601-01 Certified	160,000		30,000									(260,000)	160,000	
3B	Aug 11 Recognize SA Revenue		70,000		(160,000)										
4	Aug 11 Pay Contractor						(28,500)	(247,000)		66,500	28,500		247,000		
5A	Aug 11 Recognize Fed Revenue					(66,500)									
5B	Aug 11 Recognize BB Revenue									(66,500)					
6A	Aug 15 Receipt of Fed Money							66,500							
6B	Aug 15 Receipt of BB Money							28,500			(28,500)				
	Final Payment														
7A	Sep 20 SP 88-601-01 Certified	40,000	10,000	5,000									(55,000)	40,000	
7B	Sep 20 Recognize State Aid Revenue				(40,000)										
8	Sep 20 Pay Contractor							(68,000)					68,000		
9A	Sep 20 Recognize Fed Revenue					(13,500)				13,500	6,500				
9B	Sep 20 Recognize BB Revenue														
10A	Sep 30 Receipt of Fed Money							13,500							
10B	Sep 30 Receipt of BB Money							6,500			(6,500)				
11	Sep 30 Final State Aid Payment							10,000	(10,000)						
Account Totals (Year End)		\$ 200,000	\$ 80,000	\$ 35,000	\$ (205,500)	\$ (80,000)	\$ (35,000)	\$ 5,500	\$ 0	\$ 0	\$ 0	\$ 1,514,500	\$ 0	\$ (1,514,500)	\$ 0

Example B

EXAMPLE B																
SP 88-601.01 completed with an overrun																
ACCOUNT NAMES	ACCOUNT TYPES	Reg/Mun Construction Expenses	Federal Construction Expenses	Br. Bond. Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Br. Bond. Construction Revenue	Cash	Reg/Mun Construction Receivable	Federal Construction Receivable	Br. Bond. Construction Receivable	Reg/Mun Construction Allotment	Contracts Payable	Reg/Mun Construction Def Rev	Fund Balance	
		expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	liability	liability	equity	
Jan 1 Beginning Balance														(120,000)		
Jan 25 New Years Allotment									1,600,000					(1,600,000)		
SP 88-601.01																
1 Apr 16 Project approved									200,000			(200,000)				
2A Apr 16 Receive 95%								190,000	(190,000)							
2B Apr 16 Project Develop Received								5,500				(5,500)		5,500		
2C Apr 16 Recog Revenue-Proj Devel					(5,500)											
Partial Payment																
3A Aug 11 SP 88-601.01 Certified		160,000											(260,000)	160,000		
3B Aug 11 Recognize SA Revenue			70,000	30,000	(160,000)											
4 Aug 11 Pay Contractor								(247,000)					247,000			
5A Aug 11 Recognize Fed Revenue						(66,500)	(28,500)			66,500	28,500					
5B Aug 11 Recognize BB Revenue										(66,500)	(28,500)					
6A Aug 15 Receipt of Fed Money								66,500								
6B Aug 15 Receipt of BB Money								28,500								
Final Payment																
7A Sep 20 SP 88-601.01 Certified		55,000											(70,000)	55,000		
7B Sep 20 Recognize State Aid Revenue			10,000	5,000	(55,000)											
7C Sep 20 Recognize State Aid Overrun									15,000			(15,000)				
8 Sep 20 Pay Contractor								(83,000)					83,000			
9A Sep 20 Recognize Fed Revenue						(13,500)	(6,500)			13,500	6,500					
9B Sep 20 Recognize BB Revenue																
10A Sep 30 Receipt of Fed Money								13,500								
10B Sep 30 Receipt of BB Money								6,500								
11 Sep 30 Final State Aid Payment								25,000	(25,000)							
Account Totals (Year End)		\$ 215,000	\$ 80,000	\$ 35,000	\$ (220,500)	\$ (80,000)	\$ (35,000)	\$ 5,500	\$ 0	\$ 0	\$ 0	\$ 1,499,500	\$ 0	\$ (1,499,500)	\$ 0	

Example C

EXAMPLE C															
SP 88-601-01 completed with an underrun - without a State Aid Overpayment															
ACCOUNT NAMES	ACCOUNT TYPES	Reg/Mun Construction Expenses	Federal Construction Expenses	Br. Bond. Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Br. Bond. Construction Revenue	Cash	Reg/Mun Construction Receivable	Federal Construction Receivable	Br. Bond. Construction Receivable	Reg/Mun Construction Allotment	Contracts Payable	Reg/Mun Construction Def Rev	Fund Balance
		expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	liability	liability	equity
Jan 1 Beginning Balance														(120,000)	
Jan 25 New Years Allotment									1,600,000					(1,600,000)	
SP 88-601-01															
1 Apr 16 Project approved									200,000			(200,000)			
2A Apr 16 Receive 95%								190,000	(190,000)						
2B Apr 16 Project Develop Received								5,500				(5,500)		5,500	
2C Apr 16 Recog Revenue-Proj Devel					(5,500)										
Partial Payment															
3A Aug 11 SP 88-601-01 Certified		160,000		30,000									(260,000)	160,000	
3B Aug 11 Recognize SA Revenue			70,000		(160,000)										
4 Aug 11 Pay Contractor								(247,000)					247,000		
5A Aug 11 Recognize Fed Revenue						(66,500)				66,500	28,500				
5B Aug 11 Recognize BB Revenue															
6A Aug 15 Receipt of Fed Money								66,500		(66,500)	(28,500)				
6B Aug 15 Receipt of BB Money								28,500							
Final Payment															
7A Sep 20 SP 88-601-01 Certified		35,000		2,000									(42,000)	35,000	
7B Sep 20 Recognize State Aid Revenue			5,000		(35,000)							5,000			
7C Sep 20 Recognize State Aid Underrun									(5,000)						
8 Sep 20 Pay Contractor								(55,000)					55,000		
9A Sep 20 Recognize Fed Revenue						(8,500)				8,500	3,500				
9B Sep 20 Recognize BB Revenue															
10A Sep 30 Receipt of Fed Money								8,500		(8,500)	(3,500)				
10B Sep 30 Receipt of BB Money								3,500							
11 Sep 30 Final State Aid Payment								5,000	(5,000)						
Account Totals (Year End)		\$ 195,000	\$ 75,000	\$ 32,000	\$ (200,500)	\$ (75,000)	\$ (32,000)	\$ 5,500	\$ 0	\$ 0	\$ 0	\$ 1,519,500	\$ 0	\$ (1,519,500)	\$ 0

Example D

EXAMPLE D														
SP 88-601-01 completed with an underrun - with a State Aid Overpayment														
ACCOUNT NAMES	Reg/Mun Construction Expenses	Federal Construction Expenses	Br. Bond Construction Expenses	Reg/Mun Construction Revenue	Federal Construction Revenue	Br. Bond Construction Revenue	Cash	Reg/Mun Construction Receivable	Federal Construction Receivable	Br. Bond Construction Receivable	Reg/Mun Construction Allotment	Contracts Payable	State Aid Reg/Mun Overruns	Reg/Mun Construction Def Rev
ACCOUNT TYPES	expense	expense	expense	revenue	revenue	revenue	asset	asset	asset	asset	asset	liability	liability	liability
Jan 1 Beginning Balance											120,000			(120,000)
Jan 25 New Years Allotment											1,600,000			(1,600,000)
SP 88-601-01														
1 Apr 16 Project approved								200,000			(200,000)			
2A Apr 16 Receive 95%							190,000	(190,000)						
2B Apr 16 Project Develop Received							5,500				(5,500)			5,500
2C Apr 16 Recog Revenue-Proj Devel				(5,500)										
Partial Payment														
3A Aug 11 SP 88-601-01 Certified	160,000		30,000									(260,000)		160,000
3B Aug 11 Recognize SA Revenue		70,000		(160,000)										
4 Aug 11 Pay Contractor							(247,000)					247,000		
5A Aug 11 Recognize Fed Revenue					(66,500)				66,500					
5B Aug 11 Recognize BB Revenue						(28,500)			(66,500)	28,500				
6A Aug 15 Receipt of Fed Money							66,500							
6B Aug 15 Receipt of BB Money							28,500			(28,500)				
Final Payment														
7A Sep 20 SP 88-601-01 Certified	23,000		2,000									(30,000)		23,000
7B Sep 20 Recognize State Aid Revenue		5,000		(23,000)							7,000		(7,000)	
7C Sep 20 Recognize State Aid Underrun											10,000			
7D Sep 20 Reduce SA Receivable								(10,000)						
8 Sep 20 Pay Contractor							(43,000)					43,000		
9A Sep 20 Recognize Fed Revenue					(8,500)				8,500					
9B Sep 20 Recognize BB Revenue						(3,500)				3,500				
10A Sep 30 Receipt of Fed Money							8,500							
10B Sep 30 Receipt of BB Money							3,500							
Account Totals (Year End)	\$ 183,000	\$ 75,000	\$ 32,000	\$ (188,500)	\$ (75,000)	\$ (32,000)	\$ 12,500	\$ 0	\$ 0	\$ 0	\$ 1,531,500	\$ 0	\$ (7,000)	\$ (1,531,500)