**Long-term Debt Journal Entries**

**Initial Bond, Note or Loan entry:**

- The entry should be made in the period that the long-term debt is issued.
- Post entries into the proper Fund using your appropriate cost center and if applicable WBS Element / Internal Order.

**NEW ISSUES:**

**Bonds with Discounts:**

- **Debit** account `Cash`  
  (For the amount of Bond Proceeds less Bond Discount)
- **Debit** account `6040001400` Bond Discount/Premium  
  (For the total amount of Bond Discount)
- **Debit** account `6040001200` Bond Issuance Costs  
  (For the total amount of Bond Issuance Costs)
- **Credit** account `6040001000` Proceeds from Bonds  
  (For the total amount of the New Bonds)

**Bonds with Premiums:**

- **Debit** account `Cash`  
  (For the amount of Bond Proceeds plus Bond Premium)
- **Debit** account `6040001200` Bond Issuance Costs  
  (For the total amount of Bond Issuance Costs)
- **Credit** account `6040001400` Bond Discount/Premium  
  (For the total amount of Bond Premium)
- **Credit** account `6040001000` Proceeds from Bonds  
  (For the total amount of the New Bonds)

**Notes and Loans:**

- **Debit** account `Cash`  
  (For the amount of Loans Proceeds)
- **Credit** account `6040004000` NBR Proceeds from Loans  
  (For the total amount of the New Loan)
REFUNDING ISSUES:

Bonds with Discounts:

Debit account 6040001500 Payments to refunding escrow Agent
(For the amount of the old Bonds or paid to the refunding escrow Agent)

Debit account Cash
(For the remainder of funds)

Debit account 6040001400 Bond Discount/Premium
(For the total amount of Bond Discount)

Debit account 6040001200 Bond Issuance Costs
(For the total amount of Bond Issuance Costs)

Credit account 6040001000 Proceeds from Bonds
(For the total amount of the Bonds)

Bonds with Premiums:

Debit account 6040001500 Payments to refunding escrow Agent
(For the amount of the old Bonds or paid to the refunding escrow Agent)

Debit account Cash
(For the remainder of funds)

Debit account 6040001200 Bond Issuance Costs
(For the total amount of Bond Issuance Costs)

Credit account 6040001400 Bond Discount/Premium
(For the total amount of Bond Premium)

Credit account 6040001000 Proceeds from Bonds
(For the total amount of the Bonds)

PAYMENT OF LONG-TERM DEBT:

Recording the Bond, Loan or Note:

Debit account 5120001000 Debt Service Principal
(For the principal portion of the payment)

Debit account 5120002000 Debt Service Interest
(For the interest portion of the payment)

Credit one of the following accounts:
1100001000 Cash in Treasury
1100630010 Cash in Bank
YEARMENDENTRIES

PERIOD13ENTRIES

• Use period 13 to record entries to adjust accounts to proper 6/30 balances for the modified-accrual basis of accounting. All funds should remain on the modified-accrual basis.
• Post period 13 entries into the proper Fund using your appropriate cost center and if applicable WBS Element / Internal Order.

Bond, Loan and Note:
• An example of when a closing book entry would be needed is if the note payments had inadvertently been recorded as a debit to rent expense and a credit to cash in treasury.

In this scenario, the closing book entry to reclassify the note payments would be as follows in period 13:

Debit account 5120001200 Debt Service Principal
(For the principal portion of the payment)
Debit account 5120002100 Debt Service Interest
(For the interest portion of the payment)
Credit account 5040011000 Other Rent & Leases
(For the total amount of the payment)

PLEASE NOTE: Do not make any adjustments to cash in bank or cash in treasury if recorded properly.

• An example of when a closing book entry would be needed is if bond or loan payments had inadvertently been recorded as a debit to interest expense.

In this scenario, the closing book entry to reclassify interest payments would be as follows in period 13:

Debit account 5120001200 Debt Service Principal
Credit account 5120002100 Debt Service Interest
(For the principal portion of the payment)
PERIOD 15 ENTRIES

- Use period 15 to record entries to reclassify accounts to full-accrual per GASB 34.
- These entries should be entered into full-accrual Fund (7006101).
- This fund is shared by all agencies.
- Each agency has a cost center assigned to this fund. If you need your agency’s period 15 cost center, contact the Department of Finance and Administration-Office of Accounting-CAFR Section (DFA-OA-CAFR Section).

NEW ISSUES:

**Initial Bond Entry Reclassification:**
- **Debit** account 6040001000 Proceeds from Bonds
  (For the total amount of the Bonds)
- **Credit** account 2150002000 Bonds Payable
  (For the current amount of the Bonds)
- **Credit** account 2220002000 N/C Bonds Payable
  (For the non-current amount of the Bonds)

And

**Bonds with Discounts Reclassification:**
- **Debit** account 2150002100 Unamortized Bond Discount Current
  (For the current amount of the Bond Discount)
- **Debit** account 2220002100 N/C Unamortized Bond Discount
  (For the non-current amount of the Bond Discount)
- **Credit** account 6040001400 Bond Discount/Premium
  (For the total amount of Bond Discount)

Or

**Bonds with Premiums Reclassification:**
- **Debit** account 6040001400 Bond Discount/Premium
  (For the total amount of Bond Premium)
- **Credit** account 2150002200 Unamortized Bond Premium Current
  (For the current amount of the Bond Premium)
- **Credit** account 2220002300 N/C Unamortized Bond Premium
  (For the non-current amount of the Bond Premium)

And

**Bonds Insurance Costs Reclassification:**
- **Debit** account 1190005000 Unamortized Bond Insurance Costs Current
  (For the current amount of the Bond Insurance Costs)
- **Debit** account 1210000600 Unamortized Bond Insurance Costs LT
  (For the non-current amount of the Bond Insurance Costs)
Credit account 6040001200  Bond Issuance Costs  
(For the amount of Bond Insurance Costs included in issuance costs)

**Notes and Loans Reclassification:**

Debit account 6040004000  NBR Proceeds from Loans  
(For the total amount of the New Loan)
Credit account 2150001000  Loans and Notes Payable  
(For the current amount of the New Loan)
Credit account 2220001000  Non-Current Loans and Notes Payable  
(For the non-current amount of the New Loan)

**REFUNDING ISSUES:**

**Initial Bond Entry Reclassification:**

Debit account 6040001000  Proceeds from Bonds  
(For the total amount of the Bonds)
Credit account 2150002000  Bonds Payable  
(For the current amount of the Bonds)
Credit account 2220002000  N/C Bonds Payable  
(For the non-current amount of the Bonds)

And

Debit account 2220002000  N/C Bonds Payable  
Credit account 6040001500  Payments to Refunding Escrow Agent  
(For the total amount of the old Bonds being refunded)

And

**Bonds with Discounts Reclassification:**

Debit account 2150002100  Unamortized Bond Discount Current  
(For the current amount of the Bond Discount)
Debit account 2220002100  N/C Unamortized Bond Discount  
(For the non-current amount of the Bond Discount)
Credit account 6040001400  Bond Discount/Premium  
(For the total amount of Bond Discount)

Or

**Bonds with Premiums Reclassification:**

Debit account 6040001400  Bond Discount/Premium  
(For the total amount of Bond Premium)
Credit account 2150002200  Unamortized Bond Premium Current  
(For the current amount of the Bond Premium)
Credit account 2220002300  N/C Unamortized Bond Premium
(For the non-current amount of the Bond Premium)

And

**Bonds Issuance Costs Reclassification:**
Debit account 1190005000  Unamortized Bond Insurance Costs Current
(For the current amount of the Bond Insurance Costs)
Debit account 1210000600  Unamortized Bond Insurance Costs LT
(For the non-current amount of the Bond Insurance Costs)
Credit account 6040001200  Bond Issuance Costs
(For the amount of Bond Insurance Costs included in issuance costs)

And

**Bonds with Deferred Outflow of Resources on Early Retirement Reclassification:** (If Applicable)
Debit account 2220002000  N/C Bonds Payable
(For the total amount of the old Bonds being refunded)
Debit account 2220002200  Deferred Outflow of Resources on Early Retirement
(For the amount deferred)
Credit account 6040001500  Payments to Refunding Escrow Agent
(For the total amount of the old Bonds plus amount deferred)

**Initial Note or Loan Entry Reclassification:**
Debit account 6040004000  NBR Proceeds from Loans
(For the total amount of the New Loan)
Credit account 2150001000  Loans and Notes Payable
(For the current amount of the New Loan)
Credit account 2220001000  Non-Current Loans and Notes Payable
(For the non-current amount of the New Loan)

**ALL ISSUES:**

**Reclassification of Long-term debt:**

- Principal payments need to be reclassified as a reduction of the liability.
- Principal payments due on all loans and capital leases in the next year need to be reclassified as current.

Make the following entry to reclassify debt service principle payments for GASB 34 purposes in period 15 in Fund 7006101:
**Loans and Notes Reclassification:**

**Debit** account 2150001000 Loans and Notes Payable  
**Credit** account 5120001200 Debt Service Principal  
(For the principal payments)

And

**Debit** account 2220001000 Non-Current Loans and Notes Payable  
**Credit** account 2150001000 Loans and Notes Payable  
(For the current portion of long-term debt)

**Bonds Reclassification:**

**Debit** account 2150002000 Bonds Payable  
**Credit** account 5120001200 Debt Service Principal  
(For the principal payments)

And

**Debit** account 2220002000 Non-Current Bonds Payable  
**Credit** account 2150002000 Bonds Payable  
(For the current portion of long-term debt)

**Accrual of Interest: (If applicable)**

**Debit** account 5120002100 NBR Debt Service – Interest  
**Credit** account 2140001000 Deferred Interest Liability  
(For the Interest accrual as of 6/30)

**Amortization of discount, premium, Issuance Costs or deferred loss on refunding:**

Make the following entry to amortize discount, premium, Issuance Costs and deferred loss on refunding in period 15 in Fund 7006101:

**Discount:**

**Debit** account 5120002100 NBR Debt Service - Interest  
**Credit** account 2150002100 Unamortized Bond Discount Current  
(For the current fiscal years amortization amount)
And

**Debit** account 2150002100  Unamortized Bond Discount Current

**Credit** account 2220002100  N/C Unamortized Bond Discount

(To record current due as of 6/30)

**Premium:**

**Debit** account 2150002200  Unamortized Bond Premium Current

**Credit** account 5120002100  NBR Debt Service - Interest

(For the current fiscal years amortization amount)

And

**Debit** account 2220002300  N/C Unamortized Bond Premium

**Credit** account 2150002200  Unamortized Bond Premium Current

(To record current due as of 6/30)

**Bond Insurance Costs:**

**Debit** account 5120002300  NBR Debt Service – Bond Insurance Costs

**Credit** account 1190005000  Unamortized Bond Insurance Costs Current

(For the current fiscal years amortization amount)

And

**Debit** account 1190005000  Unamortized Bond Insurance Costs Current

**Credit** account 1210000600  Unamortized Bond Insurance Costs LT

(To record current due as of 6/30)

**Deferred Outflow of Resources on Early Retirement: (If Applicable)**

**Debit** account 5120002100  NBR Debt Service - Interest

**Credit** account 2220002200  Deferred Outflow of Resources on Early Retirement

(For the current fiscal years amortization amount)