P1-19-9-201

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

(For the total amount of the payment)

YEAR END ENTRIES

PERIOD 13 ENTRIES

- 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)