

3. ACCOUNTING

3.6 Revenues

3.6.10 Working Capital Advances from the Department of Social and Health Services (DSHS)

3.6.10.10 DSHS provides working capital advances to counties and cities in conjunction with the DSHS programs such as aging, mental health, developmental disabilities and alcohol and drug rehabilitation. These advances are intended for working capital or a cash float.

3.6.10.20 Even though called working capital the advances are treated as fund debt and therefore, they are not revenue or an increase to fund balance. As such, they cannot be budgeted. The expenditure portion of the budget must be balanced by any beginning unencumbered fund balance plus estimated revenues. The working capital advance is not part of fund balance and is not revenue.

3.6.10.30 In double-entry systems, the receipt of a working capital advance should be recorded as follows:

	<u>DR</u>	<u>CR</u>
111.10 Cash	\$XXX	
229.00 Due to Other Governments		\$XXX

To record the receipt of the DSHS working capital advance.

3.6.10.40 In single-entry systems or if a subsidiary account is used, the receipt should be recorded in account 3890000, Other Nonrevenues.

3.6.10.50 When the working capital advance is paid back to the DSHS, the liability account 229.00, Due to Other Governments and the asset account 111.10, Cash should be reduced. The government should recognize only the due and payable portion of the advance. In single-entry systems or if a subsidiary account is used, the disbursement should be recorded in account 5890000, Other Nonexpenditures.