

# Coding Salary Costs to the Capital Projects Fund



**Coding Salary Costs to the Capital Projects Fund**

District employee salaries and benefits may be coded to the Capital Projects Fund if the employee is doing construction/renovation work for the district. If the employee is a certificated employee, the district may establish an extra duty contract and is required to keep time records for auditing purposes. Keep in mind that a district may not hire individuals for the sole purpose of facility construction. This work must be incidental to their regular employment with the district.

The example shown below assumes that the district’s payroll accounting system is “separate” from the district’s financial books. If the district’s systems are combined, this accounting method will not be able to be used.

Assume that two district employees are doing construction work (paid from bond proceeds as part of a bond-funded construction project) for the district during the summer months. During July, the employees each earned a salary of \$1,500.00, Non-Teacher Retirement and Teachers Retirement, as applicable, in the amount of \$50.00 was withheld and Medicare was withheld in the amount of \$25.00.

General Journal entries to record the salary for a certificated employee, Teacher Retirement, and Medicare:

<u>Date</u>	<u>General (Incidental) Fund Entry</u>	<u>A/C No.</u>	<u>Debit</u>	<u>Credit</u>
6/30/xx	Supplemental Pay	2542-6131	\$1,500	
	Teacher Retirement	2542-6211	\$50	
	Medicare	2542-6232	\$25	
	Cash in Banks	1111		\$1,575

General Journal entries to record the salary for a classified employee, Non-Teacher Retirement, and Medicare

<u>Date</u>	<u>General (Incidental) Fund Entry</u>	<u>A/C No.</u>	<u>Debit</u>	<u>Credit</u>
6/30/xx	Classified Salaries - Regular	2542-6151	\$1,500	
	Non-Teacher Retirement	2542-6221	\$50	
	Medicare	2542-6232	\$25	
	Cash in Banks	1111		\$1,575

Adjusting entries will then be made at the end of the fiscal year<sup>1</sup> to move the payment from the General (Incidental) Fund to the Capital Projects Fund. Districts with separate bank accounts for the General (Incidental) Fund and the Capital Projects Fund will need to institute a banking transfer from the Capital Projects Fund to the General (Incidental) Fund. To ensure proper year-end payroll reporting for tax purposes, these entries should only be made to the district’s financial books not the payroll system. Proper notes must be maintained to identify the difference between the salary total shown on the district’s financial books and the total shown on the district’s payroll system.

General Journal adjusting entries to move the payment from the General (Incidental) Fund to the Capital Projects Fund:

<u>Date</u>	<u>General (Incidental) Fund Entry</u>	<u>A/C No.</u>	<u>Debit</u>	<u>Credit</u>
6/30/xx	Cash in Banks	1111	\$3,150	
	Supplemental Pay	2542-6131		\$1,500
	Classified Salaries - Regular	2542-6151		\$1,500
	Teacher Retirement	2542-6211		\$50
	Non -Teacher Retirement	2542-6221		\$50
	Medicare - Teachers	2542-6232		\$50

<sup>1</sup>District may make the adjusting entries on any interval; however, these entries must be made by year-end.

<u>Date</u>	<u>Capital Projects Fund Entry</u>	<u>A/C No.</u>	<u>Debit</u>	<u>Credit</u>
6/30/xx	Facilities Acquisition and Construction	40??-6521	\$3,150	
	Cash in Banks	1111		\$3,150