

Balance Sheet Account Definitions

A balance sheet is a financial statement that discloses the *assets, liabilities and equity* of an entity at a specified date. The account descriptions provided below define the balance sheet's asset, liability and equity accounts at a summary level. The *Balance Sheet Codes* section, located in the manual following these definitions, presents the detailed balance sheet account titles and codes used on the central accounting system. Please read the definitions, below, in conjunction with the detailed *Balance Sheet Codes* listing.

As noted below, some accounts are **not** used in day-to-day transaction processing but rather for *periodic reporting purposes* (i.e., monthly, quarterly or annual reporting). The need for, and frequency of, using these accounts must be assessed on an agency-by-agency basis.

In addition, as noted below, the use of some accounts is limited to specific types of transactions. Agencies should not record transactions to these accounts, except for the described activity, without prior SCO approval.

ASSETS (Account Type 01)

Cash and Cash Equivalents (1000-1999)

An account reflecting currency, coin, checks, money orders and bankers' drafts on hand or on deposit with banks or other financial institutions. This account also includes cash equivalents, which are short-term, liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in interest rates (generally, only investments with original maturities of three months or less to the entity holding the investment).

Daily cash transactions are recorded to the account Treasurer's Cash (Account 1000). For example, Cash Receipts (CR's) automatically default to this account.

The account Investment Pool (Account 1100) is used to report each fund's share of the State Investment Pool. SCO adjusts the fund Investment Pool and Treasurer's Cash accounts daily to reflect the purchase or sale of investment pool shares as warranted by the fund's cash transactions for the day. Per policy, on an individual fund basis, treasurer's cash should equal less than \$1000. All amounts over \$1000 are invested in the investment pool where the holdings earn interest for any fund with a positive cash balance.

The contingent fund accounts Petty Cash (Account 1220), Change (Account 1230) and Checking (Account 1250) reflect the amounts authorized and remitted to agencies per State policy. Account 1280 Minimum Balance Requirement is used to record up to \$500 in minimum cash deposits made into bank accounts to avoid monthly service charges. Entries are only made to these accounts when the amount authorized is increased or decreased. See *State Accounting Manual, Volume I - Accounting Policies and Procedures, Section V - Expenditures, Sub-Section 9 - Contingent Funds*, for further discussion on these types of transactions.

Investments (2000-2999)

An account, which represents securities and real estate, held for the production of revenues in the form of interest, dividends, etc. Investments are generally long-term securities (i.e., having a maturity date greater than 90 days of the date acquired/purchased) typically held to maturity and redeemed.

Receivables (3000-3749)

An account reflecting amounts due from private persons or organizations for goods and services furnished by the state (but not including amounts due from other funds, other governments or component units). In addition to the many agency-specific receivable accounts, this series includes the generic:

- Accounts Receivable (Invoiced) (Account 3500) used to record agency non-ARS billed receivables.
- Accounts Receivable (Between Year) (Account 3501) used to record revenue to the appropriate fiscal year at year-end.
- Accounts Receivable (Journal Voucher) (Account 3502) used to record receivables with a journal entry.
- Advanced Receivable System (ARS) (Account 3650) for WiSMART ARS generated receivables.
- Expenditure Receivable Offset (Account 3651) for expenditure receivables recorded in ARS.

Furthermore, the receivable accounts Travel Advance - Continuous (Account 3610) and Travel Advance - Occasional (Account 3615) should be used to record employee travel advances. Agencies should refer to Section V - 10 of the Manual for further guidance regarding the use of these accounts.

Due from Other Funds (3750-3874)

An account used to record amounts due from other funds, typically for goods and services rendered.

Due from Component Units (3875-3899)

An account used to record amounts due from component units, typically for goods and services rendered.

Interfund Receivables (3900-3909)

An account to record amounts loaned from one fund to another to cover short-term cash overdrafts. *This account is used for periodic reporting purposes.*

Due from Other Governments (3910-3999)

An account reflecting amounts due from another government, including amounts due from various units of governments including:

- Federal Government
- Cities, Villages and Towns
- Counties
- School Districts
- Vocational School Districts
- Other States

When establishing/accounting for the collection of receivables from other governments, agencies should utilize the appropriate account code in this account series.

Inventories (4000-4199)

An account reflecting the cost of goods held for resale or use in operations. *This account is currently used for periodic reporting purposes.*

Prepaid Items (4200-4299)

An account used to record payments in advance of the receipt of goods or services.

Restricted and Limited Use Assets (4300-4399)

An account used to record cash or other resources whose use is restricted by legal or contractual requirements. These accounts are often associated with revenue bond programs. *These accounts are used for periodic reporting purposes.*

Deferred Charges (4400-4499)

An account used to record expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition. Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operations. *This account is used for periodic reporting purposes.* **Note:** Use of this code is restricted to deferred charges for bond issuance costs.

Advances to Other Funds (4500-4599)

An account used to record the noncurrent portions of a long-term loan from one fund to another fund. (The fund receiving the loan must use the liability account Advances from Other Funds (Account 5900).

Capital Assets (4600-4799)

An account reflecting long-term (useful life of at least two years) tangible assets obtained or controlled as a result of past transactions, events or circumstance. Capital assets include land and land improvements, buildings and building improvements, machinery and equipment, and construction in progress. *These accounts are used for periodic reporting purposes.*

Other Assets (4800-4999)

Assets that do not meet the definition of assets listed above. *These assets are primarily used for periodic reporting purposes.*

Use of these codes is restricted to the following activity:

- Lottery Grand Prize Deposits
- Unclaimed Property Program Assets (General Fund)
- Bank and Insurance Company Deposits
- Certain Assets of the UW Hospitals & Clinics Authority
- Certain Assets of the Wisconsin Public Broadcasting Foundation
- Certain Assets Held by the Veterans Mortgage Loan Program
- Certain Assets of the State Housing & Economic Development Authority

LIABILITIES (Account Type 02)

Accounts Payable and Other Accrued Liabilities (5000-5299)

An account reflecting amounts due to private persons or organizations for goods and services received by a government (but not including amounts due to other funds, component units or other governments).

In addition to the many agency-specific payable accounts, this series includes:

- Vouchers Payable (Account 5000) processed through use of the Payment Voucher (P1)
- Vouchers Payable (Between Year) (Account 5001), used to record expenditures to the appropriate fiscal year at year-end.
- Salaries and Fringe Benefits Payable (Series 5051 to 5059), which reflect the State's share of certain payroll-related liabilities
- Pension Bond Contributions Payable (Account 5065)
- Taxable/Nontaxable Travel Payable (Series 5080 to 5090)
- Payroll Deductions Payable (Series 5100 to 5199), which reflect the employees' payroll deductions
- Cancelled Drafts (Account 5280)

Due to Other Funds (5300-5439)

Accounts reflecting amounts due to other funds, typically for goods and services received.

Due to Component Units (5440-5449)

Accounts reflecting amounts due to component units, typically for goods and services received.

Interfund Payables (5450-5499)

An account used to report a fund's cash overdraft. The fund temporarily lending the cash must record an offsetting entry to Interfund Receivables (Account 3900). *This account is used for periodic reporting purposes.*

Due to Other Governments (5500-5599)

An account reflecting the amounts due to other governments, including amounts due to the following governmental units:

- Federal Government
- Cities, Villages and Towns
- Counties
- School Districts
- Vocational School Districts
- Other States

Tax Refunds Payable (5600-5699)

An account used to report the liability for tax refunds (e.g., individual and corporate income tax refunds). *This account is used for periodic reporting purposes.*

Tax and Other Deposits (5700-5799)

A liability account used to reflect deposits of moneys made by individuals/corporations, where the ultimate disposition of the deposit depends on future circumstances or events. For example: the deposit may either be returned to an individual or considered revenue of the state depending on performance of an act by that individual.

These accounts include the generic Deposits Held in Custody for Others (Account 5700) and Security Deposits (Account 5750), along with various agency-specific accounts.

Unearned Revenue (5800-5839)

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Examples include:

- Federal grants received but not earned because the expenditure has not been made (given that expenditure is the prime factor for determining eligibility).
- Advanced collection of customer billings for which service or goods have not yet been provided.

Deferred (Unavailable) Revenue (5840-5849)

This account is used to record unavailable revenues. Unavailable revenues are defined as revenues that have been earned, but do not pass the “susceptible to accrual” test. (That is, measurable and available to finance expenditures of the current fiscal period.)

Interest Payable (5850-5879)

This account is used to record interest costs (e.g., interest on bonds payable) related to the current or prior periods, but not due until a later date. *This account is used primarily for periodic reporting purposes.*

Operating Notes Payable (5880-5899)

This account is used to record the liability relating to operating notes, which generally are a short-term financing mechanism used to supply working cash.

Advances from Other Funds (5900-5999)

An account used to report the noncurrent portion of a long-term loan owed by one fund to another fund. [The fund providing the loan must use the asset account Advances to Other Funds (Account 4500).]

Future Benefits and Loss Liabilities (6000-6099)

An account used to report liabilities primarily related to insurance activity that include:

- Liability for unpaid claims (including estimates of costs relating to incurred-but-not-reported (IBNR) claims)
- Liability for claim adjustment expenses
- Liability for future policy benefits

This account is used for periodic reporting purposes.

Capital Leases Payable (6100-6199)

An account used to record the liability for leases that meet the capital lease criteria established by the Financial Accounting Standards Board (FASB) in Statement No. 13. *This account is used for periodic reporting purposes.*

Installment Contracts Payable (6200-6299)

An account used to record the outstanding liability on installment contracts. *This account is used for periodic reporting purposes.*

Compensated Absences (6300-6349)

An account used to record amounts owed to employees for unpaid vacation and sick leave liabilities. *This account is used for periodic reporting purposes.*

Other Postemployment Benefits Liability (6350-6399)

An account used to record the State's unfunded liability relating to postemployment benefits as calculated in accordance with Governmental Accounting Standards Board (GASB) guidance. *This account is used for periodic reporting purposes.*

Employer Pension Liability (6400-6449)

An account that is used to record the employer's unfunded liability resulting from a net funding deficit, calculated in accordance with Governmental Accounting Standards Board (GASB) guidance. *This account is used for periodic reporting purposes.*

General Obligation Short-term Notes Payable (6450-6499)

The face value of general obligation notes issued and unpaid. *This account is used for periodic reporting purposes.*

General Obligation Bonds Payable (6500-6599)

The face value of general obligation bonds issued and unpaid. *These accounts are used for periodic reporting purposes.*

Revenue Bonds Payable (6600-6699)

An account used to report the face value of revenue bonds issued and outstanding. *These accounts are used for periodic reporting purposes.*

Other Bonds Payable (6700-6799)

An account reflecting bonds (other than those discussed above) issued and unpaid. *These accounts are used for periodic reporting purposes.*

Claims and Judgments (6800-6999)

An account used to record the liability for amounts owed as a result of court or administrative decisions, including workers compensation, property damages and litigation. *This account is usually used for periodic reporting purposes.*

FUND EQUITY (NET ASSETS) (Account Type 03)

Invested in Capital Assets (net of related debt) (7000-7999)

An account representing the State's investment in capital assets net of related debt. *This account is used for periodic reporting purposes.*

Net Assets (Fund Equity) - Restricted (8000-8799)

An account used to report the portion of equity whose use has been restricted by either externally or internally imposed constraints. *This account may be used for periodic reporting purposes in proprietary, fiduciary or government-wide financial statements.*

Net Assets (Fund Equity) - Unrestricted (8800-8999)

An equity account used to report the unconstrained portion of the accumulated resources of a proprietary or fiduciary fund. This account is also used for government-wide reporting purposes.

Fund Balances - Reserved (9000-9799)

An account used to segregate the portion of the fund balance that is not appropriable for expenditure or that is legally segregated for a specific future use. These accounts include:

- Reserved for Encumbrances (Account 9000) (This account reflects outstanding Purchase Orders (PO's and PD's)
- Reserved for Inventories (Account 9030) (*used for periodic reporting purposes*)
- Reserved for Prepaid Items (Account 9060) (*used for periodic reporting purposes*)
- Reserved for Wisconsin Retirement System Employer Accumulations (Account 9135)
- Reserved for Debt Service (Account 9450)

Many of the other fund balance - reserved accounts are also used for periodic reporting purposes.

Fund Balance - Unreserved, Designated (9800-9899)

An account used to report the portion of fund balance that has been set aside due to tentative plans for financial resource utilization in a future period.

Fund Balances - Unreserved, Undesignated (9900-9999)

An account that shows the portion of fund balance that is not reserved and not designated.