

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	VI Revenues	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	7 – Non-Sufficient Fund Payments	REVISION DATE:	August 1, 2007
SUBJECT:	Policy and Procedures	PAGE:	1 of 4

INTRODUCTION

Payments made to state agencies that cannot be collected because of non-sufficient funds (NSF) are subject to an NSF fee as described in Sect. 20.905(2) Stats. The fee is applicable to payments made via check, electronic funds transfers (ACH or Wire) and debit card or credit card. The person/business tendering the check or entering into the electronic funds transfer or debit card or credit card transaction is liable for the fee. Agencies are encouraged to collect the fee whenever possible to offset the administrative costs of re-collecting the NSF payments. There are two different accounting models for NSF entries:

- A. NSF entries for accounts receivable *not* originally established within the WISMART Accounts Receivable Subsystem (ARS);
- B. NSF entries for accounts receivable already established within the ARS;

A. NSF ENTRIES FOR ACCOUNTS RECEIVABLE NOT ORIGINALLY ESTABLISHED WITHIN THE WISMART – ARS

The NSF entries for accounts receivable not established within the WISMART – ARS follow this accounting cycle:

1. Transactions to record the return of the NSF item.
2. Transactions to clear the returned item from appropriation 993 and establish the NSF receivable within the budget appropriation.
3. Transactions to record the collection of the NSF item.
4. Transactions to record the write-off of the NSF item.
5. Transactions to transfer the year-end balance in the NSF charges account to the statewide GPR-earned appropriation.

Please note: The automated cash offset entries are shown below so that the complete effect of the document is presented. These entries are shown with “offset” in the type column and do not need to be entered by the agency. Those entries that must be entered are shown with a designation of “entered”.

1. Transactions to record the return of the NSF item.

The State Controller’s Office (SCO) records this entry when the item is returned NSF from the enterprise bank. Non-budget appropriation 993 is used because the SCO does not know the appropriation that was coded when the item was originally deposited by the agency.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	993B	01	3630	Bad Checks Receivable	200		Entered
XXX	XXX	993B	01	1000	Cash		200	Offset

CR transactions to record the return of a \$200 NSF item (recorded by the SCO).

2a. Transactions to clear the returned item from appropriation 993 and reverse the original cash receipt entry.

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	VI Revenues	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	7 – Non-Sufficient Fund Payments	REVISION DATE:	August 1, 2007
SUBJECT:	Policy and Procedures	PAGE:	2 of 4

This entry should be made at the time the item is returned to the agency from the SCO. The entry reverses the revenue or expenditure recorded by the state agency when the item was originally deposited, and clears the related receivable balance from appropriation 993.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	XXXXR/ XXX3	31 or 22	XXXX	Revenue or Expenditure Detail	200		Entered
XXX	XXX	993B	01	3630	Bad Checks Receivable		200	Entered
XXX	XXX	XXXB	01	1000	Cash		200	Offset
XXX	XXX	993B	01	1000	Cash	200		Offset

JV transactions to clear the temporary bad checks receivable established by the SCO and reverse agency revenues or expenditures as they were originally recorded with the deposit of the item (recorded by Agency).

2b. Transactions to record the NSF receivable to the budget appropriation.

Even if the ARS was not used to establish the original receivable in WiSMART, agencies are strongly encouraged to establish NSF receivables in the ARS at the time the NSF check is returned. This allows the automated tracking and reporting of NSF receivables within budget appropriations. For detailed procedures on establishing a NSF receivable in the ARS, please see the ARS Subsystem User Guide available from the SCO.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	XXXB	01	3630	Bad Checks Receivable	200		Entered
XXX	XXX	XXXXR/ XXXB	31 or 01	XXXX	Revenue or Expenditure Receivable Offset		200	Entered

RE transactions to record the NSF receivable within the budget appropriation. Although revenue in the General Ledger is credited at the time the RE is entered, the receipts on the Appropriation Table (EAP2) are not updated until the receivable is collected and recorded on a cash receipt.

3. Transactions to record the collection of the NSF item.

This entry should be made when the NSF item is collected. All collected NSF fees should be recorded in appropriation 993. Note: The RE number must be referenced in the “Reference Doc ID” field on the cash receipt. If the NSF collection is treated as a non-ARS revenue receipt (i.e. the RE number is not referenced, and revenues are credited), then general ledger revenues and receivables will be overstated. At fiscal year end, the SCO will transfer all 9599 revenues from the 993 appropriations to a statewide GPR-earned appropriation.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	XXXB	01	1000	Cash	200		Offset
XXX	XXX	993B	01	1000	Cash	20		Offset
XXX	XXX	XXXB	01	3630	Bad Checks Receivable		200	Entered
XXX	XXX	993R	31	9599	Non-Sufficient Funds Charges		20	Entered

CR transactions to record the collection of the NSF item and the \$20 NSF charge (recorded by Agency).

STATE OF WISCONSIN
STATE ACCOUNTING MANUAL

SECTION:	VI Revenues	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	7 – Non-Sufficient Fund Payments	REVISION DATE:	August 1, 2007
SUBJECT:	Policy and Procedures	PAGE:	3 of 4

4. Transactions to record the write-off of the NSF item.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	XXXR/ XXXB	31 or 01	XXXX	Revenue or Expenditure Receivable Offset	200		Entered
XXX	XXX	XXXB	01	3630	Bad Checks Receivable		200	Entered

WO transactions to record the write-off of the \$200 NSF item (recorded by Agency).

5. Transactions to transfer the year-end balance in the NSF charges account to the statewide GPR-Earned appropriation.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	993R	31	9599	Non-Sufficient Funds Charges	X,XXX		Entered
100	855	100R	31	9599	Non-Sufficient Funds Charges		X,XXX	Entered
XXX	XXX	993B	01	1000	Cash		X,XXX	Offset
100	855	100B	01	1000	Cash	X,XXX		Offset

JV year-end transactions to transfer the collected NSF charges to the statewide GPR-earned appropriation (recorded by the SCO).

B. NSF ENTRIES FOR ACCOUNTS RECEIVABLE ESTABLISHED WITHIN THE WISMART – ARS

The NSF entries for accounts that are established within the WISMART – ARS follow this accounting cycle:

1. Transactions to record the return of the NSF item.
2. Transactions to record the collection of the NSF item.
3. Transactions to record the write-off of the NSF item.
4. Transactions to transfer the year-end balance in the NSF charges account to the statewide GPR-earned appropriation.

1a.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	993B	01	3630	Bad Checks Receivable	200		Entered
XXX	XXX	993B	01	1000	Cash		200	Offset

CR transactions to record the return of a \$200 NSF item (recorded by the SCO).

1b.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
XXX	XXX	XXXB	01	3650	Billed Receivables - ARS	200		Entered
XXX	XXX	XXXB	01	1000	Cash		200	Offset

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	VI Revenues	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	7 – Non-Sufficient Fund Payments	REVISION DATE:	August 1, 2007
SUBJECT:	Policy and Procedures	PAGE:	4 of 4

NF transactions to record the return of a \$200 NSF item (recorded by Agency, 5th level approval by the SCO).

	Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
1c.	XXX	XXX	993B	01	1000	Cash	200		Offset
	XXX	XXX	993B	01	3630	Bad Checks Receivable		200	Entered

CR transactions to reverse the appropriation 993 entries (recorded by the SCO – upon approval of NF transaction).

	Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
2.	XXX	XXX	XXXB	01	1000	Cash	200		Offset
	XXX	XXX	993B	01	1000	Cash	20		Offset
	XXX	XXX	993R	31	9599	Non-Sufficient Funds Charges		20	Entered
	XXX	XXX	XXXB	01	3650	Billed Receivables - ARS		200	Entered

CR transactions to record the collection of the \$200 NSF item and \$20 NSF charge (recorded by Agency).

	Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
3a.	XXX	XXX	XXXXR/ XXXB	31 or 01	XXXX	Revenue or Expenditure Receivable Offset	200		Entered
	XXX	XXX	XXXB	01	3650	Billed Receivables-ARS		200	Entered

WO transactions to record the write-off of the \$200 NSF item (recorded by Agency).

	Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR	Type
4.	XXX	XXX	993R	31	9599	Non-Sufficient Funds Charges	X,XXX		Entered
	100	585	100R	31	9599	Non-Sufficient Funds Charges		X,XXX	Entered
	XXX	XXX	993B	01	1000	Cash		X,XXX	Offset
	100	585	100B	01	1000	Cash	X,XXX		Offset

JV year-end transactions to transfer the collected NSF charges to the statewide GPR-earned appropriation (recorded by the SCO).