**Chapter 2** **Opening the Books – Refer to Prof Chauvin’s Ch 2 Bingham’s Instructions for additional help. These instructions are not as detailed as the ones for Bingham; therefore, you should make sure you understand Bingham first.**

The City of Smithville just implemented a dual-track computerized accounting system, which provides files for general journal entries and posting to appropriate general ledger/subsidiary ledger accounts.

Budgetary, operating statement, and balance sheet accounts are provided for the General Fund and the other governmental fund types. Operating statement accounts and balance sheet accounts are also provided for governmental activities at the government-wide level.

As the city’s new accountant (lucky you!), it is your job to enter the city’s initial accounting information as of December 31, 2016, in preparation for placing the new accounting system in full operation effective January 1, 2017.

**Required**

Open the City of Smithville software by clicking on the **Cities of Smithville and Bingham** program. If creating a new project, click **[Create New Project]**, when the **[Create New Project]** window appears choose City of Smithville from the **[Choose a City]** drop down menu. In addition, in the **[Enter your name]** box type your name so that it will appear on all printable reports and then click **[Create]**. This will create the project and provide the funds and accounts that you will need to complete the Short Version City of Smithville cumulative problem.

To protect yourself from possible hard drive failure or corruption of your project data file, we recommend that you save your file to not only your hard drive but also another location (e.g., flash drive or the cloud), creating a backup file for your project at the end of each session.

To open an existing project, click on **[Open Existing Project]** in the opening window**.**

1. If it is not already displayed, select **[General Fund]** in the **[Current Accounting Entity]** window and the **[Accounts]** tab. Clicking on the **[Accounts]** tab allows you to see the chart of accounts that will be used for the **[General Fund]**. A different chart of accounts is provided for each of the accounting entities.
2. Next, select the **[Journal]** tab and click the drop down menu for **[Account (# - Description)]**. You will see the same general ledger accounts that were listed when you clicked on the **[Accounts]** tab.
3. The trial balance of the General Fund of the City of Smithville as of December 31, 2016, is shown in the following trial balance.

**CITY OF SMITHVILLE**

**General Fund Post-closing Trial Balance**

**As of December 31, 2016**

**General Ledger**

Account Title Debits Credits

Cash $ 194,660

Taxes Receivable—Delinquent 258,906

Allowance for Uncollectible Delinquent Taxes $ 57,800

Interest and Penalties Receivable on Taxes 40,110

Allowance for Uncollectible Interest and Penalties 11,726

Due from State Government 165,000

Vouchers Payable 136,027

Fund Balance—Restricted—Public Safety 15,000

Fund Balance—Committed—Public Works 29,700

Fund Balance—Assigned—Culture and Recreation 56,800

Fund Balance—Unassigned 351,623

Totals $ 658,676 $ 658,676

Select the **[Journal]** tab and create a journal entry to enter the balance sheet accounts and amounts shown in the trial balance (review software operating procedures in Chapter 1 of these instructions if necessary).

Be sure to enter **2016** from the drop-down **[Year]** menu and enter the paragraph number from these instructions in the **[Transaction Description]** box of the **[Journal]**.

For this entry you should enter **Beginning Balance** as the description.

Select the appropriate accounts individually and insert the appropriate amounts. **(Note: Enter all dollar amounts without dollar signs, without commas, and without decimal points. All amounts in this project should be rounded to the nearest whole dollar. For all entries, it is vitally important that the correct year be selected.)**

You enter each account and amount one line at a time by clicking **[Add Entry]**.

The year and transaction description need only be entered for the first line of the journal entry; it will remain in the boxes for the rest of the accounts. When you have completed entering all account data and amounts, verify your entries, including date and paragraph numbers. When you are sure that your entries are correct, click **[Post Entries]** to post the items to the general ledger of the General Fund.

**Unpost capability.** As discussed in Chapter 1 of these instructions, the City of Smithville software program permits students to “unpost” a particular batch of posted transactions. Unposted entries then can be edited and re-posted. In addition, any omitted entries can be inserted above a selected journal line in any unposted batch of entries. Prior to unposting a batch all batches must be posted.

**Refer to the document listing for all reports required to be turned in for grading.**

1. Select the **[Journal]** tab and create a journal entry to enter the statement of net position (i.e., balance sheet) accounts and amounts shown in the following trial balance. It is necessary to enter these items in the accounts of the governmental activities category at the government-wide level as the general journal and general ledger for governmental activities comprise a separate “set of books” from those for the General Fund.
2. Be sure to enter **2016** from the drop-down date menu and enter **Beginning Balance** in the **[Transaction Description]** box.
3. Select each account individually and insert the appropriate debit or credit amount for each account. When you have completed entering the initial data, verify the accuracy and click **[Post Entries]** to post the entry to the governmental activities, government-wide general ledger.

**CITY OF SMITHVILLE**

**Governmental Activities Government-wide Level**

**Post-closing Trial Balance**

**As of December 31, 2016**

**General Ledger**

Account Title Debits Credits

Cash $ 194,660

Taxes Receivable—Delinquent 258,906

Allowance for Uncollectible Delinquent Taxes $ 57,800

Interest and Penalties Receivable on Taxes 40,110

Allowance for Uncollectible Interest and Penalties 11,726

Due from State Government 165,000

Land 4,180,000

Infrastructure 9,862,000

Accumulated Depreciation—Infrastructure 2,713,944

Buildings 6,296,000

Accumulated Depreciation—Buildings 1,731,000

Equipment 3,556,800

Accumulated Depreciation—Equipment 1,765,480

Vouchers Payable 136,027

Net Position—Net Investment in Capital Assets 17,684,376

Net Position—Restricted for Public Safety 15,000

Net Position—Unrestricted 438,123

Totals $24,553,476 $24,553,476

**Before closing the *City of Smithville,* click on [File], and [Save/Save As] to save your work.** If you close the file by clicking on the [**X**] box you will be asked if you want to save your changes before closing.

**Refer to the document listing for all reports required to be turned in for grading.**