How to Correct an Erroneous Transaction that Affects Capital Assets **Governmental Fund Type Accounts**

GL

2410

Beginning of Fiscal Year:

Beg. Bal. \$100,000

The RIGHT way to fix an error

Account	TC	Debit GL	Credit GL	GL Title	Debit amount	Credit amount
#1- Fir	st Entry	: Record	capital ass	et acquisition		
997	421	2410		Furnishings and Equipment	12,000	
			9850	Investment in General Capital Assets		12,000
# 2 - Se 997	421	<i>ntry (erro</i> 2410	neous): Ad	ded a new asset which was already Furnishings and Equipment	<i>y included in al</i> 4,000	bove entry
997	421	2410	9850	Furnishings and Equipment Investment in General Capital Assets	4,000	4,000
			9650	Investment in General Capital Assets		4,000
#3 - Ca	orrectio	n Entry:	Reverse en	try # 2		
# 3 - Ca 997	orrection 421 R	<i>n Entry:</i> (2410)	Reverse en	try # 2 Furnishings and Equipment	(4,000)	
		-	(9850)	•	(4,000)	(4,000)
997	421 R	-	(9850)	Furnishings and Equipment	(4,000)	(4,000)
997	421 R er Entries	(2410)	(9850) 3:	Furnishings and Equipment	(4,000) End Bal.	(4,000)

The WRONG way to fix an error

Account	ТС	Debit GL	Credit GL	GL Title		Debit amount	Credit amount
#1- Firs	st Entry	y: Record	fixed asset	acquisition			
997	421	2410		Furnishings and Equipme	ent	12,000	
			9850	Investment in General Ca	pital Assets		12,000
997	421	2410		ded a new asset whic	ent	4,000	-
			9850	Investment in General Ca		.,	4,000
		n Entry:		ance of the asset			4.000
997	422	0050	2410	Furnishings and Equipme		4.000	4,000
		9850		Investment in General Ca	ipital Assets	4,000	
Afte	r Entries	# 1, 2, and	3:				
GL	·	Beg. B	al.	<u>Debits</u>	<u>Credits</u>	End Bal.	
2410)	100,00	00	16,000 *	4,000 *	112,000	

* The debit and credit activity is improperly stated.

How to Correct an Erroneous Transaction that Affects Capital Assets **Budgeted Proprietary Funds**

Beginning of Fiscal Year:

GL	<u>Beg. Bal.</u>
2310	\$100,000
2410	\$100,000

The RIGHT way to fix an error

ТС	Debit GL	Credit GL	GL Title		Debit amount	Credit amount
#1 - Or	riginal En	try: Reco	rded fixed asset in t	he wrong GL		
335	2310		Improvements other that	n Buildings	12,000	
		6525	Expense Adjustment/Eli	mination (GAAP)		12,000
335 R	(2310)		everse the incorrect	n Buildings	(12,000)	
	, , , , , , , , , , , , , , , , , , ,	(6525)	Expense Adjustment/Eli			(12,000)
335	2410		Furnishings and Equipment		12,000	
		6525	Expense Adjustment/Eli	imination (GAAP)		12,000
After En	tries # 1 and	12:				
GL	Be	<u>g. Bal.</u>	<u>Debits</u>	<u>Credits</u>	End Bal.	
2310	\$1	00,000	0	0	\$100,000)
2410	\$1	00,000	12,000	0	\$112,000)

The WRONG way to fix an error

ТС	Debit GL	Credit GL	GL Title	Debit amount	Credit amount
#1-0	riginal En	try: Reco	rded fixed asset in the wrong GL		
335	2310		Improvements other than Buildings	12,000	
		(505			10 000
# 2 - C	orrection l	6525 Entries: R	Expense Adjustment/Elimination (GAAP)	other GL.	12,000
			Reduce balance of asset and place in o		12,000
# 2 - C 347	orrection 1 9920	Entries: R	Ceduce balance of asset and place in a Current Period Clearing Account	<i>other GL.</i> 12,000	
347	9920		Reduce balance of asset and place in a Current Period Clearing Account Improvements other than Buildings	12,000	12,000
		Entries: R	Ceduce balance of asset and place in a Current Period Clearing Account		

GL	Beg. Bal.	Debits	<u>Credits</u>	End Bal.
2310	\$100,000	12,000 *	12,000 *	\$100,000
2410	\$100,000	12,000	0	\$112,000

* The debit and credit activity is improperly stated.