



85.65

Assets - Illustrative Entries

85.65.10

May 1, 1999

These entries are for illustrative purposes

The following entries illustrate transactions affecting assets. These entries are for illustrative purposes **only** and should **not** be considered all inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry, generally from the Office of the State Treasurer (OST) as illustrated below, to clear the In-Process GL Codes.

The entry would be reversed for In-Process debit amounts.

	Dr.	Cr.
In-Process (71XX)	xxx	
Current Treasury Cash Activity (OST Only) (4310)		xxx

85.65.12

May 1, 1999

Deposit of cash revenues

To record the deposit of cash revenue received. Refer to Subsections 85.50.10 and 85.50.20.

	Dr.	Cr.
Cash In Bank (1110) or	xxx	
Receipts In-Process (7110)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

85.65.14

June 1, 2011

Petty cash - treasury and treasury trust accounts

85.65.14.a

To record the establishment of or an increase in a treasury or treasury trust petty cash account. Refer to Subsections 85.50.60.a or 85.50.70.a, respectively.

Note: The second entry to reserve a portion of fund balance for petty cash is to be made in governmental fund type accounts only. Petty cash is not reserved in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Warrants/ACH Payments In-Process (7120)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Petty Cash (9122)		xxx

85.65.14.b To record the abolishment of, or a reduction in, a treasury or treasury trust petty cash account. Refer to Subsection 85.50.60.f or 85.50.70.d, respectively.

Note: The second entry to reverse the reservation of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Petty Cash (1130)		xxx
Nonspendable Petty Cash (9122)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.16

June 1, 2011

Petty cash - local accounts

85.65.16.a To record the establishment of, or an increase in, a local petty cash account. Refer to Subsection 85.50.70.a.

Note: The second entry to reserve a portion of fund balance for petty cash is to be made in governmental fund type accounts only. Petty cash is not reserved in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Cash in Bank (1110)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Petty Cash (9122)		xxx

85.65.16.b To record the abolishment of, or a reduction in, a local petty cash account. Refer to Subsection 85.50.70.d.

Note: The second entry to reverse the reservation of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Petty Cash (1130)		xxx
Nonspendable Petty Cash (9122)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.18

June 1, 2011

Accounting for the acquisition of non-current investments

85.65.18.a	To record the acquisition of non-current <u>equity investments</u> at trade date. Refer to Subsection 85.52.30.a.	Dr. xxx	Cr. xxx
	Investments (1210)		
	Investment Trades Pending Payable (5123)		xxx
85.65.18.b	To record the settlement of the trade for acquisition of non-current equity investments. Refer to Subsection 85.52.30.a.	Dr. xxx	Cr. xxx
	Investment Trades Pending Payable (5123)		
	In-Process (71XX)		xxx
85.65.18.c	To record the acquisition of non-current fixed income investments at trade date including purchased accrued interest. Refer to Subsection 85.52.30.a.	Dr. xxx xxx	Cr. xxx
	Investments (1210)		
	Interest Receivable on Investments (1316)		
	Investment Trades Pending Payable (5123)		xxx
85.65.18.d	To record the settlement of the trade for acquisition of non-current fixed income investments. Refer to Subsection 85.52.30.a.	Dr. xxx	Cr. xxx
	Investment Trades Pending Payable (5123)		
	In-Process (71XX)		xxx
85.65.18.e	To reserve a portion of fund balance in governmental funds for non-current investments that are externally restricted and not otherwise offset by deferred revenue or a liability. Refer to Subsection 85.52.30.	Dr. xxx	Cr. xxx
	Appropriate fund equity GL code (9XXX)		
	Nonspendable Investments (9123)		xxx

85.65.20

July 1, 2003

Accounting for earnings and costs associated with non-current investments

85.65.20.a

To record interest or dividend income on non-current investments received in cash including purchased accrued interest. Refer to Subsection 85.52.10.

	Dr.	Cr.
Receipts In-Process (7110) or Cash in Bank (1110)	xxx	
Interest and Dividends Receivable (1316)		xxx
Cash Revenues (3210) Revenue Source Code (0401) Treasury Investment Income, (0409) Interest Income, or (0411) Dividend Income		xxx

85.65.20.b

To record interest or dividend income on non-current investments which was reinvested.

	Dr.	Cr.
Investments (1210)	xxx	
Cash Revenues (3210) Revenue Source Code (0401) Treasury Investment Income, (0409) Interest Income, or (0411) Dividend Income		xxx

85.65.20.c

To record the payment of investment related costs (e.g., advisor fees, consulting fees, manager fees) not associated with an investment sale transaction

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0473) Costs of Investment Activities	xxx	
Warrants/ACH Payments In-Process (7120)		xxx

85.65.22

July 1, 2003

Accounting for fair value adjustment to non-current investments

To record the adjustment to reflect an increase to the fair value of non-current investments. To record a decrease in fair value, the capital gain entry is reversed with a debit to Revenue Source Code 0414 "Capital Losses." Refer to Subsection 85.52.30.b.

	Dr.	Cr.
Valuation Allowance - Investments (1280)	xxx	
Noncash Revenues (3220) Revenue Source Code (0413) Capital Gains		xxx

85.65.24 Accounting for the sale of non-current investments

June 1, 2011

85.65.24.a To record the sale at trade date of non-current investments and the resulting gain on investments. For a loss, the capital gain entry would be reversed with a debit to Revenue Source Code 0414 “Capital Losses.” Refer to Subsection 85.52.30.c.

	Dr.	Cr.
Investment Trade Pending Receivable (1323)	xxx	
Accrued Revenues (3205) Revenue Source Code (0473)		
Cost of Investment Activities	xxx	
Investments (1210)		xxx
Accrued Revenues (3205) Revenue Source Code (0413) Capital Gains		xxx

85.65.24.b To record the settlement of the trade for the sale of non-current investments. For a loss, the capital gain entry would be reversed with Revenue Source Code 0414 “Capital Losses.” Refer to Subsection 85.52.30.c.

	Dr.	Cr.
In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source (0473) Costs of Investment Activities	xxx	
Accrued Revenues (3205) Revenue Source (0413) Capital Gains	xxx	
Cash Revenues (3210) Revenue Source (0413) Capital Gains		xxx
Accrued Revenues (3205) Revenue Source (0473) Costs of Investment Activities		xxx
Investment Trades Pending Receivable (1323)		xxx

85.65.24.c To reverse the non-cash revenue recognized in posting adjustments to increase fair value. Entry would be reversed with Revenue Source Code 0414 if fair value adjustments recorded a loss. Refer to Subsection 85.52.30.c.

	Dr.	Cr.
Noncash Revenues (3220) Revenue Source Code (0413)	xxx	
Capital Gains		
Valuation Allowance – Investments (1280)		xxx

85.65.24.d To reverse the reservation of fund balance in governmental funds for non-current investments not offset by deferred revenue or a liability.

	Dr.	Cr.
Nonspendable Investments (9123)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.28

June 1, 2011

**Accounting for deferred compensation
(IRC Section 457)**

In accordance with Statement No. 34 of the Governmental Accounting Standards Board, the state's deferred compensation plan is accounted for and reported as a pension trust fund. Acquisitions and sales of deferred compensation plan investments are to follow the entries in Subsections 85.65.18 and 85.65.24, respectively, except that no entry is to be made to GL 9123 "Nonspendable Investments."

85.65.30

May 1, 1999

Taxes receivable

To record long-term taxes receivable which are measurable but not due within twelve months. Refer to Subsection 85.54.15.c.

	Dr.	Cr.
Taxes Receivable (1611)	xxx	
Allowance for Uncollectible Taxes Receivable (1641)		xxx
Deferred revenues (5292)		xxx

85.65.32

July 1, 2001

Receivables

85.65.32.a

To record a receivable at time of billing. Refer to Subsection 85.54.45.a.

	Dr.	Cr.
Accounts Receivable (1312)	xxx	
Accrued Revenues (3205) (appropriate revenue source codes)		xxx

85.65.32.b

To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a **governmental fund type account**. Refer to Subsection 85.54.55.b.

	Dr.	Cr.
Accrued Revenues (3205) (with revenue source code originally credited)	xxx	
Allowance for Uncollectible Accounts Receivable (1342)		xxx

85.65.32.c To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a **proprietary or trust fund type account**. Refer to Subsection 85.54.55.b. Example assumes a reduction in collectability. If collectability appears improved, the entry would be reversed.

	Dr.	Cr.
Bad Debt Expense 6515 (Subobject WC)	xxx	
Allowance for Uncollectible Accounts Receivable (1342)		xxx

85.65.32.d To write off receivables determined to be uncollectible by the state. Refer to Subsection 85.54.55.c.

	Dr.	Cr.
Allowance for Uncollectible Accounts Receivable (1342)	xxx	
Accounts Receivable (1312)		xxx

85.65.33 Travel advances receivable

July 1, 2010

85.65.33.a To record the issuance of a travel advance. In this example, the amount advanced is \$500. Refer to Subsection 85.54.44.

	Dr.	Cr.
Travel Advance (1383)	500	
Accounts Payable (5111)		500
Accounts Payable (5111)	500	
Cash in Bank (1110) or In-Process (71XX)		500

85.65.33.b To record travel expenditures when the travel advance issued is equal to the amount of travel costs.

	Dr.	Cr.
Cash Expenditure (6510) Object G	500	
Travel Advance (1383)		500

85.65.33.c To record travel expenditures when the travel advance issued is less than the amount of travel costs. In this example, travel costs are \$700.

	Dr.	Cr.
Cash Expenditure (6510) Object G	500	
Travel Advance (1383)		500

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Accounting Procedures

Accrued Expenditure (6505) Object G	200	
Accounts Payable (5111)		200
Cash Expenditure (6510) Object G	200	
Accrued Expenditure (6505) Object G		200
Accounts Payable (5111)	200	
Cash in Bank (1110) or In-Process (71XX)		200

85.65.33.d To record travel expenditures when the travel advance issued is greater than the amount of the travel costs. In this example, travel costs are \$400. The traveler must reimburse the agency for the excess advanced.

	Dr.	Cr.
Cash Expenditure (6510) Object G	400	
Travel Advance (1383)		400
Cash Receipts In-Process (7110)	100	
Travel Advance (1383)		100

85.65.34

May 1, 1999

Due from federal government

85.65.34.a To record amounts receivable for the reimbursement of federal expenditures. Refer to Subsection 85.54.20

	Dr.	Cr.
Due from Federal Government (1351)	xxx	
Accrued Revenues (3205) Revenue Source Code (03XX)		xxx

85.65.34.b To record the receipt of monies due from the federal government. Refer to Subsection 85.54.20.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110)		
Cash Revenues (3210) Revenue Source Code (03XX)		xxx
Accrued Revenues (3205) Revenue Source Code (03XX)	xxx	
Due from Federal Government (1351)		xxx

85.65.34.c To record federal receivables which are in dispute at the end of the accounting period in a governmental fund type account. Refer to Subsection 85.54.20.

	Dr.	Cr.
Accrued Revenues (3205) Revenue Source (03XX)	xxx	
Deferred revenues (5192)		xxx

85.65.36

June 1, 2011

Long-term loans

The following entries illustrate disbursement and repayment for both budgeted and non-budgeted long-term loans. Since the loan in this illustration is made to a private entity, long-term GL Code 1614 “Loans Receivable” is used. However, this example may be applied to other types of long-term loans using other receivable general ledger codes, such as GL Code 1652 “Due from Other Governments.” Refer to Subsection 85.54.40.

85.65.36.a.(1) **To record disbursement of a budgeted long-term loan** from a governmental fund type account. Budgeted loans present a unique situation where loan disbursements and repayments are expenditures and revenues for budgetary purposes, but not for GAAP financial accounting purposes.

Note: In AFRS, Subobject NR is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as an expenditure.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX)		xxx
Cash Expenditures/Expenses (6510) (Subobject NR)	xxx	
Nonspendable Receivables – Long-Term (9131)		xxx

85.65.36.a.(2) **To record repayment of the budgeted long-term loan**, shown in (a) above, after an interim process occurs reclassifying the expected payment from long-term to short-term. The amount recognized and recorded at fiscal year-end is based on the subsequent year’s scheduled payments.

Note: In AFRS, Revenue Source Code 0866 “Loan Principal Repayment” is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as revenue.

	Dr.	Cr.
Loans Receivable (1314) or	xxx	
Due from Other Governments (1352)		
Loans Receivable (1614) or		xxx
Due from Other Governments (1652)		

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Accounting Procedures

Nonspendable Receivables – Long-Term (9131)	xxx	
Accrued Revenue (3205) Revenue Source Code (0866) Loan Principal Repayment		xxx

Then repayment is recorded as received:

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or Due from Other Governments (1352)		xxx

For loans whose payments are uncertain, the receivable is reclassified from long-term to short-term upon receipt of the loan payment.

	Dr.	Cr.
Loans Receivable (1314) or Due from Other Governments (1352)	xxx	
Loans Receivable (1614) or Due from Other Governments (1652)		xxx
Nonspendable Receivables – Long-Term (9131)	xxx	
Accrued Revenue (3205) Revenue Source Code (0866) Loan Principal Repayment		xxx

Then payment receipt is recorded:

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or Due from Other Governments (1352)		xxx
Accrued Revenue (3205) Revenue Source Code (0866)	xxx	
Loan Principal Repayment		
Cash Revenue (3210) Revenue Source Code (0866) Loan Principal Repayment		xxx

85.65.36.b.(1)

To record disbursements of a long-term loan which are not budgeted.

Note: The entry to reserve a portion of fund balance for receivables is made in governmental fund type accounts only. Long-term receivables are not reserved in proprietary and trust fund type accounts.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX) or Cash in Bank (1110)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Receivables – Long-Term (9131)		xxx

85.65.36.b.(2) **To record repayment of the non-budgeted long-term loan**, shown in (b) above, after an interim process occurs reclassifying receivables from long-term to short-term.

	Dr.	Cr.
Loans Receivable (1314) or Due from Other Governments (1352)	xxx	
Loans Receivable (1614) or Due from Other Governments (1652)		xxx
Nonspendable Receivables – Long-Term (9131) Appropriate fund equity GL code (9XXX)	xxx	xxx

Then the loan payment receipt is recorded:

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or Due from Other Governments (1352)		xxx

85.65.38 Consumable inventories - periodic inventory method
June 1, 2011

85.65.38.a To record the acquisition of consumable inventories. Refer to Subsection 85.56.20.a.(1).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object E	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.65.38.b To record the use of consumable inventories during the year.

No entry is required.

85.65.38.c At year-end, to record an increase in consumable inventories during the year. Refer to Subsection 85.56.20.a.(3) and (4). These entries would be reversed to record a decrease in consumable inventories during the year.

Note: The second entry is to reserve a portion of fund balance in governmental fund type accounts only.

	Dr.	Cr.
Consumable Inventories (1410)	xxx	
Cash Expenditures/Expenses (6510) Object E		xxx
Appropriate fund equity GL code (9XXX) Nonspendable Consumable Inventories (9120)	xxx	xxx

85.65.40 Consumable inventories - perpetual inventory method
 May 1, 1999

85.65.40.a	To record the acquisition of consumable inventories. Refer to Subsection 85.56.20.b.(1).		
		Dr.	Cr.
	Consumable Inventories (1410)	xxx	
	Cash in Bank (1110) or		xxx
	In-Process (71XX)		
85.65.40.b	To record the use of consumable inventories during the year. Refer to Subsection 85.56.20.b.(2).		
		Dr.	Cr.
	Cash Expenditures/Expenses (6510) Object E	xxx	
	Consumable Inventories (1410)		xxx

85.65.42 Merchandise inventories in proprietary fund type accounts - periodic inventory method
 May 1, 1999

85.65.42.a	To record the acquisition of merchandise inventories as an expense. Refer to Subsection 85.56.30.a.(1).		
		Dr.	Cr.
	Cost of Goods Sold (6516) Object F	xxx	
	Cash in Bank (1110) or		xxx
	In-Process (71XX) or		
	Payables (51XX)		
85.65.42.b	To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an expense. Refer to Subsection 85.56.30.a.(2).		
		Dr.	Cr.
	Cash in Bank (1110) or	xxx	
	In-Process (71XX) or		
	Receivables (13XX)		
	Cash Revenue (3210) or		xxx
	Accrued Revenues (3205) Revenue Source Code		
	(0450 or 0455) Sales		

85.65.42.c To record the adjustment for merchandise inventory when the physical count shows the inventory value greater than the amount in the general ledger control account GL Code 1420 "Merchandise Inventories." This entry is reversed when the physical count shows the inventory value less than the recorded amount. Refer to Subsections 85.56.30.a.(3) and b.(3).

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cost of Goods Sold (6516) Object F		xxx

85.65.44
May 1, 1999

Merchandise inventories in proprietary fund type accounts - perpetual inventory method

85.65.44.a To record the acquisition of merchandise inventories as an asset. Refer to Subsection 85.56.30.b.(1).

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cash in Bank (1110) or In-Process (71XX) or Payables (51XX)		xxx

85.65.44.b To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an asset. Refer to Subsection 85.56.30.b.(2).

The second entry is to adjust the merchandise inventory account and record the cost of goods sold:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX) or Receivables (13XX)	xxx	
Cash Revenue (3210) or Accrued Revenues (3205) Revenue Source Code (0450 or 0455) Sales		xxx
Cost of Goods Sold (6516) Object F Merchandise Inventories (1420)	xxx	xxx

85.65.46

June 1, 2011

Donations of consumable inventories

A common example of donated consumable inventory is federal surplus food commodities provided to the state for use in a variety of programs. This example assumes that commodities with a fair market value of \$5,000 are donated to the state for use in a governmental fund type account. The state pays \$500 shipping costs for delivery of the commodities.

85.65.46.a To record the acquisition of donated consumable inventories. Refer to Subsection 85.56.40.a.

	Dr.	Cr.
Consumable Inventories (1410)	500	
Donated Inventories (1415)	5,000	
Cash in Bank (1110) or In-Process (71XX)		500
Revenue Adjustments/Eliminations (GAAP) (3225)		5,000
Revenue Source Code (0310) Dept. of Agriculture		

85.65.46.b To record the use of donated consumable inventories with a fair market value of \$4,000. Use of donated consumable inventories is treated as a nonbudgeted activity. The cash outlay for shipping costs is a budgeted expenditure. Refer to Subsection 85.56.40.b.

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525)	4,000	
Object E	400	
Cash Expenditures/Expenses (6510) Object E		
Consumable Inventories (1410)		400
Donated Inventories (1415)		4,000

85.65.46.c To record year-end adjustment. Refer to Subsection 85.56.40.c.

Note: The second entry is required in governmental fund type accounts only.

	Dr.	Cr.
Revenue Adjustments/Eliminations (GAAP) (3225)	1,000	
Revenue Source (0310) Dept. of Agriculture		
Deferred Revenues (5192)		1,000
Appropriate fund equity GL code (9XXX)	100	
Nonspendable Consumable Inventories (9120)		100

85.65.50

May 1, 1999

Prepaid expenses

85.65.50.a

To record the prepayment of goods and services, other than inventory, in proprietary and trust fund type accounts. Refer to Subsection 85.58.10.c.

	Dr.	Cr.
Prepaid Expenses (1510)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.65.50.b

To record the portion of prepaid goods and services used during the period. Refer to Subsection 85.58.10.c.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate subobject)	xxx	
Prepaid Expenses (1510)		xxx

85.65.52

July 1, 2009

Acquisition of capital assets

85.65.52.a

Governmental Fund Type Accounts

The entry for the purchase of a capital asset records the expenditure in the account acquiring the asset with a corresponding entry in Account 997 “General Capital Asset Subsidiary Account.” Refer to Subsection 85.60.30.a.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Cash in Bank (1110) or Warrants/ACH Payments In-Process (7120)		xxx

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Investment in General Capital Assets (9850)		xxx

The following entry records the donation of a capital asset to a governmental fund type account. An entry is made in the account receiving the asset along with a corresponding entry in Account 997 “General Capital Asset Subsidiary Account.” Refer to Subsection 85.60.30.a.

Operating Account:

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object J	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) with an appropriate revenue source code		xxx

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.52.b

Proprietary and Trust Fund Type Accounts

The entry to record the purchase of a capital asset is made in the appropriate capital asset GL code in the account acquiring the asset. Refer to Subsection 85.60.30.b.

Operating Account:

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

The following additional entry is required for budgeted proprietary and trust fund type accounts for capital asset acquisitions.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Object J		xxx

The following entry records the donation of a capital asset to a proprietary or trust fund type account.

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Noncash Revenues (3220) Revenue Source Code 0820 Capital Contributions or other appropriate revenue source code		xxx

85.65.54
July 1, 2009

Assets that do not meet the state’s capitalization policy

The entry for the acquisition of an asset that does not meet the state’s capitalization policy records the expenditure/expense in the account acquiring the asset. Refer to Subsection 85.60.30.d.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject JA or JB	xxx	
Cash in Bank (1110) or		xxx
In-Process (71XX)		

85.65.56
July 1, 2009

Depreciation/amortization

85.65.56.a

Governmental Fund Type Accounts

The following entry records the depreciation on general capital assets in Account 997 “General Capital Assets Subsidiary Account.” Refer to Subsection 85.60.40.a.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Depreciation/Amortization Expense (6591) (Subobject WA)	xxx	
Allowance for Depreciation – Capital Asset (2XXX) or		xxx
Allowance for Amortization – Intangible Assets (2480)		xxx

85.65.56.b

Proprietary and Trust Fund Type Accounts

The following entry records the depreciation of capital assets in proprietary and trust fund type accounts. Refer to Subsection 85.60.40.b.

	Dr.	Cr.
Depreciation/Amortization Expense (6511) (Subobject WA)	xxx	
Allowance for Depreciation – Capital Asset (2XXX) or		xxx
Allowance for Amortization – Intangible Assets (2480)		xxx

85.65.58 Disposal of capital assets

July 1, 2009

85.65.58.a Governmental Fund Type Accounts

The net proceeds received from the sale of general capital assets are generally recorded in the account that originally acquired the asset. Refer to Subsection 85.60.50.a. If the estimated net proceeds from disposition were included in the budget for the acquisition of the replacement capital assets and the expenditure for the acquisition of new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were not included in the budget for a replacement capital asset, the following entry is to be made instead:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0416) Sale of Property - Other		xxx

In addition, an entry in Account 997 "General Capital Assets Subsidiary Account" is made to record the removal of the capital asset.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Investments in General Capital Assets (9850)	xxx	
Allowance for Depreciation – Capital Assets (2XXX)	xxx	
Capital Assets (2XXX)		xxx

85.65.58.b

Proprietary and Trust Fund Type Accounts

The disposal of capital assets of proprietary and trust fund type accounts are accounted for in the account that recorded the asset. Refer to Subsection 85.60.50.b.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
In-Process (71XX)	xxx	
Allowance for Depreciation – Capital Assets (2XXX)		
Capital Assets (2XXX)		xxx
Gain and Loss on Sale of Capital Assets (3213)		xxx
Revenue Source Code (0418) Gain or Loss on Sale of Capital Assets		

The following additional entry is needed to record the net proceeds received upon disposition of a capital asset in budgeted proprietary and trust fund type accounts.

If the net proceeds from disposition were included in the budget for the acquisition of the replacement capital asset and the purchase for the new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525)	xxx	
Object J		
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were included in the budget as estimated revenues, the following entry is made:

	Dr.	Cr.
Revenue Adjustments/Eliminations (GAAP) (3225)	xxx	
Revenue Source Code (0416) Sale of Property - Other		
Cash Revenues (3210) Revenue Source Code (0416) Sale of Property - Other		xxx

85.65.60

July 1, 2008

Trade-in of capital assets

These illustrative entries assume the following: a vehicle is purchased for \$12,000 cash. (It has a market value of \$14,000 less a trade-in allowance of \$2,000.) The trade-in vehicle originally cost \$9,000 and has a current book value of \$1,500.

85.65.60.a

Governmental Fund Type Accounts

These entries reflect the trade-in transaction in the operating account acquiring the vehicle and the corresponding entries in Account 997 "General Capital Assets Subsidiary Account." Refer to Subsection 85.60.50.a.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject J)	12,000	
Cash in Bank (1110) or In-Process (71XX)		12,000

General Capital Assets Subsidiary Account (Account 997):

The first entry removes the vehicle traded in. The second entry records the new vehicle.

	Dr.	Cr.
Investment in General Capital Assets (9850)	1,500	
Accumulated Depreciation – Furnishings and Equipment (2420)	7,500	
Furnishings and Equipment(2410)		9,000
Furnishings and Equipment (2410)	13,500	
Investment in General Capital Assets (9850)		13,500

85.65.60.b

Proprietary and Trust Fund Type Accounts

This entry reflects a trade-in transaction in non-budgeted proprietary and trust fund type accounts. Refer to Subsection 85.60.50.c.

	Dr.	Cr.
Furnishings and Equipment (2410)	13,500	
Accumulated Depreciation – Furnishings and Equipment (2420)	7,500	
Furnishings and Equipment (2410)		9,000
Cash in Bank (1110) or In-Process (71XX)		12,000

85.65.62

June 1, 2004

Capital assets acquired through capital lease

85.65.62.a

Governmental Fund Type Accounts

The entry for the acquisition of capitalized leased assets records the expenditure in the account acquiring the leased assets with a corresponding entry in Account 997 “General Capital Assets Subsidiary Account.” Refer to Subsection 85.60.70.a.

Operating Account:

	Dr.	Cr.
Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation (6514) Object J (Capital Outlays)	xxx	
Other Financing Sources (3221) Revenue Source Code (0809) Capital Lease Acquisitions		xxx

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is shown below. For such acquisitions, no entry is made in Account 997 “General Capital Assets Subsidiary Account” until title transfers to the state and the fair market value of the asset meets the state’s capitalization policy.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

To record subsequent acquisition of non-capitalized leased assets in Account 997 “General Capital Assets Subsidiary Account” upon transfer of the title. The asset is recorded at the fair market value at the time title transfers.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.62.b

Proprietary and Trust Fund Type Accounts

To record capitalized leased equipment acquired by proprietary and trust fund type accounts in the account acquiring the leased assets. Refer to Subsection 85.60.70.b.

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Lease Purchase Agreements Payable (5172)		xxx
Lease Purchase Agreements Payable (5272)		xxx

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is as follows:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

To record the fair market value of the subsequent acquisition of non-capitalized leased assets upon transfer of title.

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Cash Revenues (3210) Revenue Source Code (0486) Recoveries of Prior Appropriation Expenditures		xxx

85.65.64

July 1, 2009

Accounting for the construction of capital assets

85.65.64.a

Governmental Fund Type Accounts

Costs incurred for the construction of capital assets are to be recorded in the account incurring the expenditure. Refer to Subsection 85.60.90.b.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J or other subobject as appropriate	xxx	
Cash in Bank (1110) or In-Process (71XX) or Construction Contracts Payable (5117)		xxx

Construction projects not completed at the end of the accounting period require an entry in Account 997 "General Capital Assets Subsidiary Account."

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Investment in General Capital Assets (9850)		xxx

Upon completion of the project, the construction in progress is reclassified to the appropriate capital asset GL code(s) in Account 997 "General Capital Assets Subsidiary Account."

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Assets (2XXX)	xxx	
Construction In Progress (2510)		xxx

85.65.64.b

Proprietary and Trust Fund Type Accounts

In proprietary and trust fund type accounts, costs incurred for the construction of capital assets are to be recorded in the account incurring the expense. Refer to Subsection 85.60.90.c.

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Cash in Bank (1110) or In-Process (71XX) or Construction Contracts Payable (5117)		xxx

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Accounting Procedures

The following additional entry is required for budgeted proprietary or trust fund type accounts where construction costs are appropriated.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Object J		xxx

Upon completion of the construction project, the construction in progress is reclassified to the appropriate capital asset GL code(s) for the total costs capitalized to date.

	Dr.	Cr.
Capital Assets (2XXX)	xxx	
Construction In Progress (2510)		xxx