



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 Receipts In-Process (7110) | xxx | |
| Cash Revenues (3210) (with appropriate revenue source code) | | xxx |

85.65.14

June 1, 2015

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.

| | Dr. | Cr. |
|---|-----|-----|
| Petty Cash (1130) | xxx | |
| Warrants/ACH Payments In-Process (7120) | | 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.

| | Dr. | Cr. |
|----------------------------|-----|-----|
| Receipts In-Process (7110) | xxx | |
| Petty Cash (1130) | | xxx |

85.65.16 **Petty cash - local accounts**

June 1, 2015

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.

| | | | |
|---------------------|-----|--|-----|
| | Dr. | | Cr. |
| Petty Cash (1130) | xxx | | |
| Cash in Bank (1110) | | | 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.

| | | | |
|---------------------|-----|--|-----|
| | Dr. | | Cr. |
| Cash in Bank (1110) | xxx | | |
| Petty Cash (1130) | | | xxx |

85.65.18 **Accounting for the acquisition of non-current investments**

January 1, 2014

85.65.18.a To record the acquisition of non-current equity investments at trade date.
Refer to Subsection 85.52.30.a.

| | | | |
|--|-----|--|-----|
| | Dr. | | Cr. |
| Investments (1210) | xxx | | |
| 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. | | Cr. |
| Investment Trades Pending Payable (5123) | xxx | | |
| 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. | | Cr. |
| Investments (1210) | xxx | | |
| Interest Receivable on Investments (1316) | xxx | | |
| 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. | Cr. |
| | Investment Trades Pending Payable (5123) | xxx | |
| | In-Process (71XX) | | 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 | xxx | |
| | Cash in Bank (1110) | | |
| | Interest and Dividends Receivable (1316) | | xxx |
| | Cash Revenues (3210) Revenue Source Code | | |
| | (0401) Treasury Investment Income, (0409) Interest | | xxx |
| | Income, or (0411) Dividend Income | | |
| 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 | | xxx |
| | (0401) Treasury Investment Income, (0409) Interest | | |
| | Income, or (0411) Dividend Income | | |
| 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 | xxx | |
| | of Investment Activities | | |
| | Warrants/ACH Payments In-Process (7120) | | xxx |

85.65.22
July 1, 2013

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 revenue entry is reversed. Refer to Subsection 85.52.30.b.

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

85.65.24
July 1, 2013

Accounting for the sale of non-current investments

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 entry would be reversed. Refer to Subsection 85.52.30.c.

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

85.65.24.b

To record the settlement of the trade for the sale of non-current investments. For a loss, the entry would be reversed. 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 and Losses | xxx | |
| Cash Revenues (3210) Revenue Source (0413) | | xxx |
| Capital Gains and Losses | | xxx |
| Accrued Revenues (3205) Revenue Source (0473) | | xxx |
| Costs of Investment Activities | | |
| 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 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 and Losses | | |
| Valuation Allowance – Investments (1280) | | xxx |

85.65.24.d To reverse the nonspendable portion of fund balance in governmental funds for non-current investments not offset by unearned 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 |
| Unavailable Revenues (5292) | | xxx |

85.65.32 Receivables

July 1, 2001

- 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 |

85
Accounting Procedures

| | | | |
|------------|---|-----|-----|
| | 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 |
| | 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

June 1, 2013

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 |

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Accounting Procedures

85.65.36

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 Receipts In-Process (7110) | xxx | |
| 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 | |
| Unearned Revenues (5190) | | 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.

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Accounting Procedures

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) | | |
| 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 | xxx | |
| Due from Other Governments (1352) | | |
| Loans Receivable (1614) or | | xxx |
| Due from Other Governments (1652) | | |
| 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 | | xxx |
| Due from Other Governments (1352) | | |
| Accrued Revenue (3205) Revenue Source Code (0866) | xxx | |
| Loan Principal Repayment | | |
| Cash Revenue (3210) Revenue Source Code (0866) | | xxx |
| Loan Principal Repayment | | |

85
Accounting Procedures

85.65.38

85.65.36.b.(1) **To record disbursements of a long-term loan which are not budgeted.**

Note: The entry to adjust the nonspendable portion of fund balance for receivables is made in governmental fund type accounts only. This entry is not applicable in proprietary and trust fund type accounts.

| | Dr. | Cr. |
|---|-----|-----|
| Loans Receivable (1614) | xxx | |
| In-Process (71XX) or | | xxx |
| Cash in Bank (1110) | | |
| 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 | xxx | |
| Due from Other Governments (1352) | | |
| Loans Receivable (1614) or | | xxx |
| Due from Other Governments (1652) | | |
| Nonspendable Receivables – Long-Term (9131) | xxx | |
| Appropriate fund equity GL code (9XXX) | | xxx |

Then the loan payment receipt is recorded:

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

85.65.38

June 1, 2011

Consumable inventories - periodic inventory method

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
Accounting Procedures

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 adjust the nonspendable 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) | xxx | |
| Nonspendable Consumable Inventories (9120) | | xxx |

85.65.40

May 1, 1999

Consumable inventories - perpetual inventory method

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 In-Process (71XX) | | xxx |

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

June 1, 2020

Merchandise inventories in proprietary fund type accounts - periodic inventory method

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 In-Process (71XX) or Payables (51XX) | | xxx |

85
Accounting Procedures

85.65.44

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 In-Process (71XX) or Receivables (13XX) | xxx | |
| Cash Revenue (3210) or Accrued Revenues (3205) Revenue Source Code (0450) Sales | | xxx |

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
June 1, 2020

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) Sales | | xxx |
| Cost of Goods Sold (6516) Object F Merchandise Inventories (1420) | xxx | xxx |

85.65.46

January 1, 2014

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 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 federally donated consumable inventories. Refer to Subsection 85.56.40.b.

| | Dr. | Cr. |
|---|-------|-------|
| Consumable Inventories (1410) | 500 | |
| Donated Inventories (1415) | 5,000 | |
| Cash in Bank (1110) or In-Process (71XX) | | 500 |
| Unearned Revenues (5190) | | 5,000 |

85.65.46.b To record the use of donated consumable inventories with a fair 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 |
| Revenue Adjustments/Eliminations (GAAP) (3225) | | |
| Revenue Source Code (0310) Dept. of Agriculture | | 4,000 |

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

Note: The second entry (for the shipping costs) is required in governmental fund type accounts only.

| | Dr. | Cr. |
|--|-------|-------|
| Unearned Revenues (5190) | 4,000 | |
| Donated Inventories (1415) | | 4,000 |
| Appropriate fund equity GL code (9XXX) | 100 | |
| Nonspendable Consumable Inventories (9120) | | 100 |

85.65.50 Prepaid expenses

May 1, 1999

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 Acquisition of capital assets

July 1, 2015

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 Assets 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 In-Process (71XX) | | 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. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry is made in Account 997 “General Capital Assets Subsidiary Account” to record the estimated acquisition value of the asset. Refer to Subsection 85.60.30.a.

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 In-Process (71XX) | | xxx |

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
July 1, 2012

Disposal of capital assets

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:

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Accounting Procedures

| | 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. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), then in GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Only)" would net to zero.

General Capital Assets Subsidiary Account (Account 997):

| | Dr. | Cr. |
|--|-----|-----|
| Capital Asset Adjustment (General Capital Assets Subsidiary Account Only) (6597) Subobject WF | xxx | |
| Allowance for Depreciation – Capital Assets (2XXX) Capital Assets (2XXX) | xxx | 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 In-Process (71XX) | xxx | |
| Allowance for Depreciation – Capital Assets (2XXX) Capital Assets (2XXX) | xxx | xxx |
| Gain and Loss on Sale of Capital Assets (3213) Revenue Source Code (0418) Gain or Loss on Sale of Capital Assets | | xxx |

Accounting Procedures

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) Object J | xxx | |
| 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) Revenue Source Code (0416) Sale of Property - Other | xxx | |
| 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 fair 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.

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Accounting Procedures

| | 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 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 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 |

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To record the fair 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 |

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 |

85.65.66

January 1, 2014

Interagency/Interfund Capital Asset Transfers

85.65.66.a

The following entries illustrate how to record the transfer of a capital asset based on the fund type of the accounts involved in the transfer. Refer to Subsection 85.60.97.b and c.

85.65.66.b

Transfer capital asset from Governmental Fund Type Account to a Proprietary or Trust Fund Type Account

The following entry records the transfer of a capital asset from a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry in Account 997 "General Capital Assets Subsidiary Account" is made to record the removal of the capital asset. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), the entries to GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Only)" would net to zero, and there would be no capital contribution recorded in the proprietary fund type account.

General Capital Assets Subsidiary Account (Account 997):

| | Dr. | Cr. |
|---|-----|-----|
| Capital Asset Adjustment (General Capital Assets Subsidiary Account Only) (6597) Subobject WF | xxx | |
| Allowance for Depreciation – Capital Assets (2XXX) | xxx | |
| Capital Asset (2XXX) | | xxx |

Proprietary or Trust Fund Type Account:

| | Dr. | Cr. |
|--|-----|-----|
| Capital Asset (2XXX) | xxx | |
| Allowance for Depreciation – Capital Assets (2XXX) | | xxx |
| Noncash Revenues (3220) Revenue Source Code 0820 Capital Contributions | | xxx |

Note: If a cash payment is made in conjunction with the transfer of the capital asset, it is receipted into the governmental operating account that initially purchased the capital asset using GL Code 3210 "Cash Revenues" with Revenue Source Code 0416 "Sale of Property – Other."

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Accounting Procedures

85.65.66.c

Transfer capital asset from Proprietary or Trust Fund Type Account to a Governmental Fund Type Account

The following entry records the transfer of a capital asset to a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry in Account 997 “General Capital Assets Subsidiary Account” is made to record the addition of the capital asset. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), the entries to GL Code 9850 "Investment in General Capital Assets" would net to zero, and there would be no gain or loss on the sale of the capital asset recorded in the proprietary or trust fund type account.

General Capital Assets Subsidiary Account (Account 997):

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

Proprietary or Trust Fund Type Account:

| | Dr. | Cr. |
|--|-----|-----|
| Allowance for Depreciation – Capital Assets (2XXX) | xxx | |
| Gain and Loss on Sale of Capital Assets (3213) Revenue Source Code (0418) Gain or Loss on Sale of Capital Assets | xxx | |
| Capital Asset (2XXX) | | xxx |

Note: If a cash payment is made in conjunction with the transfer of the capital asset, it is paid by the governmental operating account associated with the activity that will be using the capital asset using GL Code 6510 “Cash Expenditures” with the appropriate J subobject and by the proprietary or trust fund type account using GL Code 3213 “Gains and Losses on Sales of Capital Assets” with Revenue Source Code 0418 “Gain or Loss On Sale of Capital Assets.”