



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

Beginning of Fiscal Year:	<u>GL</u>	<u>Beg. Bal.</u>
	2310	\$100,000
	2410	\$100,000

## The RIGHT way to fix an error

TC	Debit GL	Credit GL	GL Title	Debit amount	Credit amount
<b># 1 - Original Entry: Recorded fixed asset in the wrong GL</b>					
335	2310	6525	Improvements other than Buildings Expense Adjustment/Elimination (GAAP)	12,000	12,000
<b># 2 - Correction Entries: Reverse the incorrect entry and re-enter it correctly.</b>					
335R	(2310)	(6525)	Improvements other than Buildings Expense Adjustment/Elimination (GAAP)	(12,000)	(12,000)
335	2410	6525	Furnishings and Equipment Expense Adjustment/Elimination (GAAP)	12,000	12,000

After Entries # 1 and 2:

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

## The WRONG way to fix an error

TC	Debit GL	Credit GL	GL Title	Debit amount	Credit amount
<b># 1 - Original Entry: Recorded fixed asset in the wrong GL</b>					
335	2310	6525	Improvements other than Buildings Expense Adjustment/Elimination (GAAP)	12,000	12,000
<b># 2 - Correction Entries: Reduce balance of asset and place in other GL.</b>					
347	9920	2310	Current Period Clearing Account Improvements other than Buildings	12,000	12,000
348	2410	9920	Furnishings and Equipment Current Period Clearing Account	12,000	12,000

After Entries # 1 and 2:

<u>GL</u>	<u>Beg. Bal.</u>	<u>Debits</u>	<u>Credits</u>	<u>End Bal.</u>
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.