85.65
Assets - Illustrative Entries

85.65.10 These entries are for illustrative purposes

May 1, 1999

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 Deposit of cash revenues

May 1, 1999

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 Petty cash - treasury and treasury trust accounts

June 1, 2015

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 Accounting for earnings and costs associated with non-current investments

July 1, 2003

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 Accounting for fair value adjustment to non-current investments

July 1, 2013

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 Accounting for the sale of non-current investments

July 1, 2013

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) Cost of Investment Activities	xxx	
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) 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 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 Accounting for deferred compensation (IRC Section 457)

June 1, 2011

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 Taxes receivable

May 1, 1999

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

	Dr.	Cr.
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 Due from federal government

June 1, 2013

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	
Unearned Revenues (5190)		xxx

85.65.36 Long-term loans

June 1, 2011

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

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		xxx
(0866) Loan Principal Repayment		

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		

85.65.36.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 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 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 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

June 1, 2020

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 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 Merchandise inventories in proprietary fund type accounts - perpetual inventory method

June 1, 2020

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	xxx	
Merchandise Inventories (1420)		xxx

85.65.46 Donations of consumable inventories

January 1, 2014

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		xxx
In-Process (71XX)		

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		xxx
In-Process (71XX)		

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 Assets that do not meet the state's capitalization policy

July 1, 2009

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 Depreciation/amortization

July 1, 2009

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, 2012

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	xxx	
In-Process (71XX)		
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	xxx	
In-Process (71XX)		
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)	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		
In-Process (71XX)	xxx	
Allowance for Depreciation – Capital Assets (2XXX)	xxx	
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

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 Trade-in of capital assets

July 1, 2008

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.

	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 Capital assets acquired through capital lease

June 1, 2004

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

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 Accounting for the construction of capital assets

July 1, 2009

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 Interagency/Interfund Capital Asset Transfers

January 1, 2014

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."

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."