Chapter 5

Accounting for General Capital Assets & Capital Projects
General Capital Assets

- Long Lived Assets in Gov’t-wide F/S
- Government as a Whole
- Info. to Assess L-T & S-T Capital Needs
Asset Transactions / Journal Entries

- Purchase Asset:
  GF: Expenditure  GA: Asset
  V / P  V/P

- Cost + Necessary & Reasonable Costs
...Transactions / Entries

- Sold / Retired:

**GF:**
- Cash
- OFS - Sale

**GA:**
- Cash
- A/D
- Loss
- Asset
...Post Acquisition Costs

- Betterment / Addition
  - **GF:** Expenditure Cash
  - **GA:** Asset Cash

- Ordinary / Necessary Repairs
  - **GF:** Expenditure Cash
  - **GA:** Expense Cash
... Capital Leases

**GF:** Expenditure, OFS

**GA:** Asset, Liability

- Use PV of Lease Payment (or FMV if less)
...Donated Assets

- Record at FMV
Depreciation

Expense in Gov’t-wide statement
- Allocate to Programs
- Pros & Cons for Depreciation
Infra Structure Assets

- Immovable Fixed Asset
  Must be Capitalized
  May Elect Not to Depreciate
  (Modified Approach)
Capital Projects Funds

- Resources to Acquire or Construct Capital Assets
- May Use GF
- Several Possible Sources of Financing
- In Effect SRF
- Budgetary Accounting Not Required
Issuance of Bonds / L-T Debt

Debt Issued at Face Value

CPF:
Cash
OFS - Bond Proceeds

GA: Bonds Payable
...Bonds (CPF)

- Premiums
- CPF:
  Cash
  OFS - Bond Proceeds
  Due to DSF or OFS

GA:
Bonds Payable & Premium
Bonds (CPF)

- Discounts

CPF:Cash

OFS - Bond Proceeds

GA:CASH

Discount

Bonds Payable
CPF Encumbrance Accounting

♦ Same Method Unless Multi Period Project

End of Period Year 1
F.B.

Encumbrance

Beginning of Period Year 2
Encumbrance
F.B.
Typical Transactions

- Billing by Contractor

**CPF:**
- Reverse Encumbrances

Expenditures

- Contracts Payable
- Contracts Payable - Retained %

**GA:**
- Construction in Progress (CIP)
Typical Transactions

- Interest Capitalization

**CPF:**
Construction Expenditures
Bond Anticipation N / P
Cash

**GA:**
CIP
...Typical Transactions

- Point of Completion

**CPF:**
Expenditures
  - C. / PBLE
  - C. / PBLE -- Retained %

**GA:**
Building
  - CIP
  - C./PBLE
...Typical Transactions

- Close Out CPF

**CPF:**
- Interfund Transfer Out
- Cash
- Fund Balance
- Interfund Transfer Out

**GA:** No entry
Special Assessments

- Particular Property, Specific Improvement
- Possibly Special Purpose Government
- Property Owners Responsible for Debt