



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
V / P

GA:

Asset
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

