



Accounting for Capital Assets

Session #3 – Depreciation and Year-end Closing Adjustments

Training provided by:

Local Government Services Bureau

State Financial Services Division

Department of Administration

State of Montana

(406) 444-9101

<http://sfsd.mt.gov/LGSB>





DEPRECIATION

- **Purpose of Depreciation:** Capitalization aims to ensure that a cost incurred in the current period for the benefit of multiple periods is equitably allocated as expense to each of the benefitting periods.
 - Depreciation of tangible capital assets
 - Amortization of intangible capital assets

- **Not all capital assets are depreciated or amortized;** Inexhaustible assets aren't depreciated, examples include land, historical treasures and some intangible assets with an indefinite life

- **To begin a capitalization process - review these 4 steps:**
 - Determine the complete cost of the capital asset
 - Estimate the capital asset's useful life
 - Select a depreciation method of allocating cost to each benefitting period proportionate to the benefit received
 - Apply the method selected



- **Allocation method:**

- **Straight-line method:**

- Allocates equal amount of depreciation expense to each period
- **Most common method chosen**

Or

- **Declining method:**

- Allocates decreasing amounts to subsequent periods
 - Justification of approach: true cost of the capital asset is depreciation expense plus maintenance expense (the maintenance expense is expected to increase in later years although the service provided by the capital asset remains the same)
- An option – but very uncommon among governments

Depreciation Schedules:

Choose the schedule right for your local government

- **Different Depreciation Schedules are and can be used among Local Governments**
 - This presentation will cover the 2 most commonly used schedules
- The number of Depreciation Schedules depends on the number of Business-type Funds you are reporting. You will report:
 - **One schedule for all Capital Assets of Governmental Funds**
 - Sometimes referred to as “General Capital Assets” – this term does not mean assets owned solely by the General Fund
 - When completing Depreciation Schedule for Governmental Capital Assets the depreciation expense will be split among the major functions on the Government-wide Statements on the AFR only (not shown on the fund-level statements)
 - **One schedule for each Business-type Fund**



Part 1 – Regardless of the Depreciation Schedule – Assets will be Reported by Major Class

Enter Prior Fiscal Year: **2015** (Enter as 20XX)

LAND (101000)

				ENTER PY & CY				Enter as a Negative			
				PRIOR YEAR	CURRENT YEAR						
				(Enter below as FY XX)							
				FY 15	FY 16	FY 16	FY 16	FY 16	FY 16	FY of	
Description	Item #	Expenditure Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposed	Value of F/A	Disposal	Comments	
Lot 18, Block 25 OT				\$ 1,000.00				\$ 1,000.00			
								\$ -			
								\$ -			
			Total Land	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00			

BUILDINGS (102000)

				FY 15	FY 16	FY 16	Enter as a Negative		FY 16	FY of	Method of	Estimated Life
				Original Cost	Adjustments/Transfers	Additions	Disposed	Value of F/A	Disposal	Comments	Depreciation	(Years)
City Hall		41	1950	\$ 16,000.00				\$ 16,000.00			S/L	50
Fire Hall		42	2006	\$ 60,000.00				\$ 60,000.00			S/L	40
			Total Buildings	\$ 76,000.00	\$ -	\$ -	\$ -	\$ 76,000.00			Total Buildings	

IMPROVEMENTS OTHER THAN BUILDINGS (103000)

				FY 15	FY 16	FY 16	Enter as a Negative		FY 16	FY of	Method of	Estimated Life
				Original Cost	Adjustments/Transfers	Additions	Disposed	Value of F/A	Disposal	Comments	Depreciation	(Years)
Playground Equipment		46	2015	\$ 45,000.00				\$ 45,000.00			S/L	20
			Total Improvements Other Than	\$ 45,000.00	\$ -	\$ -	\$ -	\$ 45,000.00			Total Improvements Other Than Buildings	

MACHINERY & EQUIPMENT (104000)

				FY 15	FY 16	FY 16	Enter as a Negative		FY 16	FY of	Method of	Estimated Life
				Original Cost	Adjustments/Transfers	Additions	Disposed	Value of F/A	Disposal	Comments	Depreciation	(Years)
Chevrolet Dump Truck		43	2000	\$ 28,000.00				\$ 28,000.00			S/L	10
Ford 1/2 T Pickup		43	2010	\$ 15,000.00				\$ 15,000.00			S/L	10
Mower		46	2012	\$ 11,000.00				\$ 11,000.00			S/L	10
			MACHINERY & EQUIPMENT	\$ 54,000.00	\$ -	\$ -	\$ -	\$ 54,000.00			TOTAL MACHINERY & EQUIPMENT	

				FY 15	FY 16	FY 16	FY 16	FY 16	FY of	Method of	Estimated Life	
				Original Cost	Adjustments/Transfers	Additions	Disposed	Value of F/A	Disposal	Comments	Depreciation	(Years)
			DEPRECIABLE ASSETS	\$ 175,000.00	\$ -	\$ -	\$ -	\$ 175,000.00				
			LAND	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00				
			CONSTRUCTION IN PROGRESS	\$ -	\$ -	\$ -	\$ -	\$ -				
			TOTAL CAPITAL ASSETS	\$ 176,000.00	\$ -	\$ -	\$ -	\$ 176,000.00				TOTALS

If the total is < or > 0, the amount represents an adjustment to beginning balances. Donated items here

Major Classes:

Depreciation Schedule #1:

Depreciation Schedule with Lead Sheet – depreciation worksheet consists of 3 parts:

Asset listing:

Accumulated & Current Allowance for Depreciation:

Depreciation Expense:

City of Somers
ENVIRONMENTAL & BUSINESS
TYPE FUNDS
DEPRECIATION SCHEDULE
FISCAL YEAR ENDING
03/31/16
000 (000 as of 03/31/2000)

NOTE: 1) YELLOW SHADED AREAS ARE INPUT AREAS.
2) SALMON SHADED AREAS CONTAIN FORMULAS-DO NOT DELETE FORMULAS IN THESE CELLS.
3) THERE ARE ADDITIONAL ROWS FOR EACH CATEGORY TO ADD CAPITAL ASSETS, UNHIDE AS NECESSARY.
4) DEPRECIATION EXPENDITURE ALLOCATION IS LOCATED IN COLUMNS 'Y' THROUGH 'AF'.

Enter Prior Fiscal Year: 2015 (Enter as 20XX)

LAND		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
01 TR, Block 20, 01			\$ 1,000.00				\$ 1,000.00													
Total Land			\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00													

CONSTRUCTION IN PROGRESS		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Total Construction in Progress			\$ -	\$ -	\$ -	\$ -	\$ -													

BUILDINGS		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
41	1000		\$ 65,000.00				\$ 65,000.00			SL	50	\$ 1,300.00	\$ 65,000.00							
42	2000		\$ 65,000.00				\$ 65,000.00			SL	50	\$ 1,300.00	\$ 65,000.00							
Total Buildings			\$ 70,000.00	\$ -	\$ -	\$ -	\$ 70,000.00					\$ 2,600.00	\$ 130,000.00							

IMPROVEMENTS OTHER THAN BUILDINGS		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
80	2015		\$ 45,000.00				\$ 45,000.00			SL	20	\$ 2,250.00	\$ 45,000.00							
Total Improvements Other Than Buildings			\$ 45,000.00	\$ -	\$ -	\$ -	\$ 45,000.00					\$ 2,250.00	\$ 45,000.00							

MACHINERY & EQUIPMENT		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
43	2000		\$ 25,000.00				\$ 25,000.00			SL	10	\$ 2,500.00	\$ 25,000.00							
43	2010		\$ 15,000.00				\$ 15,000.00			SL	10	\$ 1,500.00	\$ 15,000.00							
40	2012		\$ 11,000.00				\$ 11,000.00			SL	10	\$ 1,100.00	\$ 11,000.00							
Total MACHINERY & EQUIPMENT			\$ 51,000.00	\$ -	\$ -	\$ -	\$ 51,000.00					\$ 5,100.00	\$ 51,000.00							

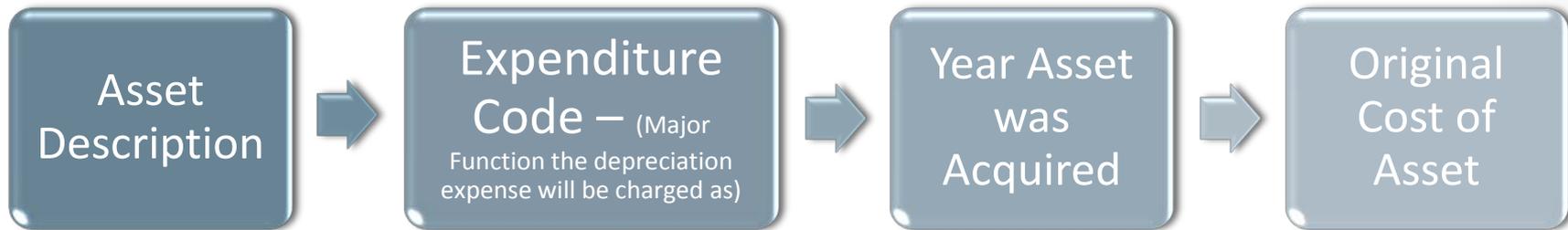
INFRASTRUCTURE		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Total Infrastructure			\$ -	\$ -	\$ -	\$ -	\$ -													

TOTAL DEPRECIABLE ASSETS		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
TOTAL DEPRECIABLE ASSETS			\$ 176,000.00	\$ -	\$ -	\$ -	\$ 176,000.00					\$ 8,470.00	\$ 176,000.00							

TOTAL CAPITAL ASSETS		ENTER BY CITY					Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative		Enter as a Negative	
Asset #	Exposition Code	FY Purchased	Original Cost	Adjustments/Transfers	Additions	Disposals	Value of EOB	Disposal	Comments	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	TTL Accum. Depreciation	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
TOTAL CAPITAL ASSETS			\$ 176,000.00	\$ -	\$ -	\$ -	\$ 176,000.00													

DEPRECIATION EXPENDITURE ALLOCATION										
	41	42	43	44	45	46	47	48	TOTAL	
Land										
Construction in Progress										
Buildings										
Improvements Other Than Buildings										
Machinery & Equipment										
Infrastructure										
TOTAL	\$ 1,500.00	\$ 1,600.00	\$ -	\$ -	\$ -	\$ 3,360.00	\$ -	\$ -	\$ 6,360.00	

Depreciation Schedule #1 - Section 1: Capital Asset information



MACHINERY & EQUIPMENT

186000

Description	Item #	Expenditure Code	FY Purchased	FY 15	FY 16	FY 16	Enter as a Negative	FY 16
				Original Cost	Adjustments/ Transfers	Additions	Disposed	Value of F/A
Chevrolet Dump Truck		43	2000	\$ 28,000.00				\$ 28,000.00
Ford 1/2 T Pickup		43	2010	\$ 15,000.00				\$ 15,000.00
Mower		46	2012	\$ 11,000.00				\$ 11,000.00
				\$ -				\$ -
TOTAL MACHINERY & EQUIPMENT				\$ 54,000.00	\$ -	\$ -	\$ -	\$ 54,000.00

Depreciation Schedule #1 - Section 2: Depreciation Information



MACHINERY & EQUIPMENT									
186000									
Description	Method of Depreciation	Estimated Life (Years)	Annual Depreciation Expense	FY 15 TTL Accum. Depreciation	FY 16 Depreciation Expense	FY 16 Depreciation Expense Disposals	Gain (Loss) on Disposal/Sale	FY 16 TTL Accum. Depreciation	FY 16 Capital Asset Net of Accum. Depreciation
Chevrolet Dump Truck	S/L	10	\$ 2,800.00	\$ 28,000.00	\$ -	\$ -	\$ -	\$ 28,000.00	\$ -
Ford 1/2 T Pickup	S/L	10	\$ 1,500.00	\$ 9,000.00	\$ 1,500.00	\$ -	\$ -	\$ 10,500.00	\$ 4,500.00
Mower	S/L	10	\$ 1,100.00	\$ 4,400.00	\$ 1,100.00	\$ -	\$ -	\$ 5,500.00	\$ 5,500.00
	S/L	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL MACHINERY & EQUIPMENT			\$ 5,400.00	\$ 41,400.00	\$ 2,600.00	\$ -	\$ -	\$ 44,000.00	\$ 10,000.00

Depreciation Schedule #1 - Lead Sheet

Example of a Lead Sheet – allows for the comparison of the depreciation schedule to accounting software beginning balances (if Fund 9000 is updated):

City of Somewhere								
Capital Assets Leadsheet								
FISCAL YEAR ENDING								
June 30, 2016								
NOTE: 1) YELLOW SHADED AREAS ARE INPUT AREAS.								
2) SALMON SHADED AREAS CONTAIN FORMULAS-DO NOT DELETE								
Capital Assets								
<u>Governmental Activities</u>	ENTER				Balance	Per depreciation		
	Beginning				June 30, 2016	schedule		
	Balance Per				June 30, 2016	June 30, 2016	Difference	
	Accounting System	July 1, 2015	Additions	Deletions	Adjustments/ Transfers			
<i>Capital assets not being depreciated:</i>								
Land	\$	1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -
Construction in Progress	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	\$	1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -
<i>Capital assets being depreciated:</i>								
<i>Capital assets being depreciated:</i>								
Buildings	\$	76,000.00	\$ -	\$ -	\$ -	\$ 76,000.00	\$ 76,000.00	\$ -
Improvements other than buildings	\$	45,000.00	\$ -	\$ -	\$ -	\$ 45,000.00	\$ 45,000.00	\$ -
Machinery and equipment	\$	54,000.00	\$ -	\$ -	\$ -	\$ 54,000.00	\$ 54,000.00	\$ -
Infrastructure	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets being depreciated	\$	175,000.00	\$ -	\$ -	\$ -	\$ 175,000.00	\$ 175,000.00	\$ -
<i>Less accumulated depreciation for:</i>								
		negative amount			beginning year			
		from prior years			accumulated			
		ending balance			depreciation			
		lead sheet			amounts must			
Buildings	\$	(31,000.00)	\$ (1,500.00)	\$ -	\$ -	\$ (32,500.00)	\$ (32,500.00)	\$ -
Improvements other than buildings	\$	(2,250.00)	\$ (2,250.00)	\$ -	\$ -	\$ (4,500.00)	\$ (4,500.00)	\$ -
Machinery and equipment	\$	(41,400.00)	\$ (2,600.00)	\$ -	\$ -	\$ (44,000.00)	\$ (44,000.00)	\$ -
Infrastructure	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total accumulated depreciation	\$	(74,650.00)	\$ (6,350.00)	\$ -	\$ -	\$ (81,000.00)	\$ (81,000.00)	\$ -
Total capital assets, depreciable, net	\$	100,350.00	\$ (6,350.00)	\$ -	\$ -	\$ 94,000.00	\$ 94,000.00	\$ -
TOTAL GOVERNMENTAL CAPITAL ASSET:	\$	101,350.00	\$ (6,350.00)	\$ -	\$ -	\$ 95,000.00	\$ 95,000.00	\$ -
Per PY audit/AFR		*	***per Stmt of Net Assets					
Difference	\$	101,350.00			Difference	\$ 95,000.00		
					per Fund 9000		after closing adjustments	
					Difference	\$ 95,000.00	IS RECORDED IN FUND 9000	
							COMPARE TO 'TOTAL	
							GOVERNMENTAL CAPITAL	
							ASSETS, NET (G-45).	

Depreciation Schedule #1 - Lead Sheet

Example of a Lead Sheet for the Water Fund – allows for the comparison of the depreciation schedule to accounting software beginning balances and after adjusting entries are made:

<i>Business-type Activities</i>	Balance Per Accounting System			Adjustments/ Transfers	Balance
	July 1, 2015	Additions	Deletions		June 30, 2016
<i>Capital assets not being depreciated:</i>					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	\$ 50,000.00	\$ 200,000.00	\$ -	\$ -	\$ 250,000.00
Total capital assets not being depreciated	\$ 50,000.00	\$ 200,000.00	\$ -	\$ -	\$ 250,000.00
<i>Capital assets being depreciated:</i>					
Buildings	\$ 8,000.00	\$ -	\$ -	\$ -	\$ 8,000.00
Improvements other than buildings	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ 13,500.00	\$ -	\$ -	\$ -	\$ 13,500.00
Source of supply	\$ -	\$ -	\$ -	\$ -	\$ -
Pumping plant	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment plant	\$ -	\$ -	\$ -	\$ -	\$ -
Transmission and distribution	\$ 120,000.00	\$ -	\$ -	\$ -	\$ 120,000.00
General plant	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets being depreciated	\$ 141,500.00	\$ -	\$ -	\$ -	\$ 141,500.00
<i>Less accumulated depreciation for:</i>					
Buildings	\$ (8,000.00)	\$ -	\$ -	\$ -	\$ (8,000.00)
Improvements other than buildings	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ (9,000.00)	\$ (1,500.00)	\$ -	\$ -	\$ (10,500.00)
Source of supply	\$ -	\$ -	\$ -	\$ -	\$ -
Pumping plant	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment plant	\$ -	\$ -	\$ -	\$ -	\$ -
Transmission and distribution	\$ (76,000.00)	\$ (3,500.00)	\$ -	\$ -	\$ (79,500.00)
General plant	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
Total accumulated depreciation	\$ (93,000.00)	\$ (5,000.00)	\$ -	\$ -	\$ (98,000.00)
Total capital assets, depreciable, net	\$ 48,500.00	\$ (5,000.00)	\$ -	\$ -	\$ 43,500.00
TOTAL BUSINESS-TYPE CAPITAL ASSETS, net	\$ 98,500.00	\$ 195,000.00	\$ -	\$ -	\$ 293,500.00
Per PY audit/AFR	\$ 98,500.00			per Stmt of Net Assets	\$ 293,500.00
Difference	\$ -			Difference	\$ -

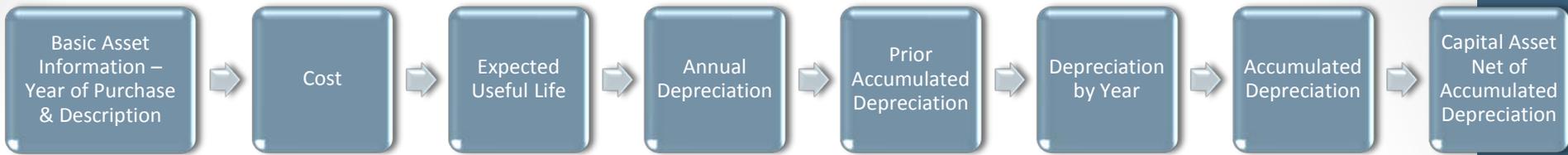
Depreciation Schedule #1- Lead Sheet

Lead Sheet includes the current year depreciation expense by function for Governmental Activities and by Business-type Activities:

Current Year Depreciation Expense by Function

	Governmental Activities	Business-type Activities	Total
General government	\$ -		\$ -
Public safety	\$ 1,500.00		\$ 1,500.00
Public works	\$ 1,500.00		\$ 1,500.00
Public health	\$ -		\$ -
Social and economic services	\$ -		\$ -
Culture and recreation	\$ 3,350.00		\$ 3,350.00
Housing and community development	\$ -		\$ -
Conservation of natural resources	\$ -		\$ -
			\$ -
			\$ -
Water utilities		\$ 5,000.00	\$ 5,000.00
Sewer utilities		\$ -	\$ -
Solid Waste		\$ -	\$ -
Other		\$ -	\$ -
Total depreciation expense	\$ 6,350.00	\$ 5,000.00	\$ 11,350.00
Per total accumulated depreciation in cell C43	\$ (6,350.00)		
Per total accumulated depreciation in cell C89		\$ (5,000.00)	
Difference	\$ -	\$ -	

Example of a Basic Manual Input Depreciation Schedule #2:



City of Somewhere GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION

YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEP.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	INTANGIBLES/WORKS OF ART:										
					#DIV/0!					0.00	0.00
	TOTAL INTANGIBLES/WORKS OF ART		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
					#DIV/0!					0.00	0.00
					#DIV/0!					0.00	0.00
	TOTAL IMPROVEMENTS		45,000.00		#DIV/0!	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck		28,000.00	10.00	2,800.00	22,400.00	2,800.00	2,800.00		28,000.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
	TOTAL MACHINERY/EQUIP		54,000.00		#DIV/0!	30,600.00	5,400.00	5,400.00	2,600.00	44,000.00	10,000.00
	GENERAL INFRASTRUCTURE:										0.00
					#DIV/0!					0.00	0.00
	TOTAL INFRASTRUCTURE		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
											0.00
	TOTALS		176,000.00		#DIV/0!	58,600.00	6,900.00	9,150.00	6,350.00	81,000.00	95,000.00

Basic Depreciation Schedule #2: Depreciation prior to FYxx

YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	DEPR. FYE 2017	DEPR. FYE 2018	DEPR. FYE 2019	DEPR. FYE 2020	DEPR. FYE 2021	DEPR. FYE 2022	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A												1,000.00
BUILDINGS:																	
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00										16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00							16,500.00	43,500.00
TOTAL BUILDINGS			76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	32,500.00	43,500.00

- The Depreciation Schedule includes:

- A column for accumulated depreciation prior to a certain fiscal year
 - In this example the accumulated depreciation is prior to Fiscal Year 2014
- Nine additional years of annual depreciation
 - Annual depreciation can be input for fiscal years 2014 through 2022
- The form is updated at the end of nine years – the accumulated depreciation prior to year is changed to include the new accumulated depreciation
- The Fire Hall was purchased in 2006 – annual depreciation is \$1,500
- Prior to Fiscal Year 2014 - there are 8 years of depreciation
 - $\$1,500 \times 8 \text{ years of annual depreciation} = \$12,000$ – the amount in Depreciation Prior to FY14

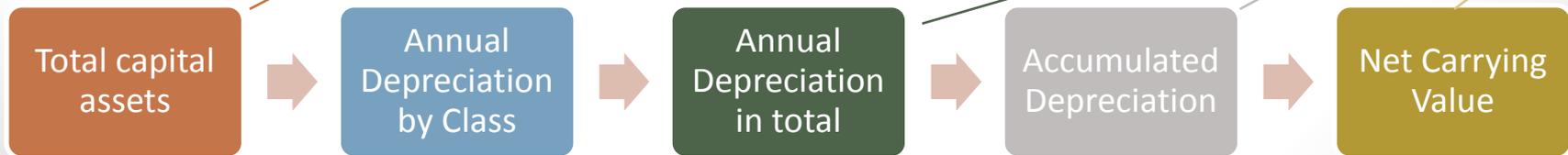
Another Example of a Basic Depreciation Schedule:

City of Somewhere GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION

YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	6,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	INTANGIBLES/WORKS OF ART:										
	TOTAL INTANGIBLES/WORKS OF ART		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	TOTAL IMPROVEMENTS		45,000.00		#DIV/0!	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck		28,000.00	10.00	2,800.00	22,400.00	2,800.00	2,800.00		28,000.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
	TOTAL MACHINERY/EQUIP		54,000.00		#DIV/0!	30,600.00	5,400.00	5,400.00	2,200.00	44,000.00	10,000.00
	GENERAL INFRASTRUCTURE:										0.00
	TOTAL INFRASTRUCTURE		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	TOTALS		176,000.00		#DIV/0!	58,600.00	6,900.00	9,150.00	6,350.00	81,000.00	95,000.00

Components of the Basic Depreciation Schedule #2:

City of Somewhere											
GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION											
YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	INTANGIBLES/WORKS OF ART:										
					#DIV/0!					0.00	0.00
	TOTAL INTANGIBLES/WORKS OF ART		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
					#DIV/0!					0.00	0.00
	TOTAL IMPROVEMENTS		45,000.00		#DIV/0!	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck		28,000.00	10.00	2,800.00	22,400.00	2,800.00	2,800.00		28,000.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
					#DIV/0!					0.00	0.00
	TOTAL MACHINERY/EQUIP		54,000.00		#DIV/0!	30,600.00	5,400.00	5,400.00	2,600.00	44,000.00	10,000.00
	GENERAL INFRASTRUCTURE:										0.00
					#DIV/0!					0.00	0.00
	TOTAL INFRASTRUCTURE		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	TOTALS		176,000.00		#DIV/0!	58,600.00	6,900.00	9,150.00	6,350.00	81,000.00	95,000.00



Components of the Basic Depreciation Schedule #2:

City of Somewhere											
GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION											
YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	INTANGIBLES/WORKS OF ART:										
					#DIV/0!					0.00	0.00
	TOTAL INTANGIBLES/WORKS OF ART		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
					#DIV/0!					0.00	0.00
	TOTAL IMPROVEMENTS		45,000.00		#DIV/0!	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck		28,000.00	10.00	2,800.00	22,400.00	2,800.00	2,800.00		28,000.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
					#DIV/0!					0.00	0.00
	TOTAL MACHINERY/EQUIP		54,000.00		#DIV/0!	30,600.00	5,400.00	5,400.00	2,600.00	44,000.00	10,000.00
	GENERAL INFRASTRUCTURE:										0.00
					#DIV/0!					0.00	0.00
	TOTAL INFRASTRUCTURE		0.00		#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00
											0.00
	TOTALS		176,000.00		#DIV/0!	58,600.00	6,900.00	9,150.00	6,350.00	81,000.00	95,000.00

Total Annual Depreciation Expense

Annual Adjustment to Allowance for Depreciation:

- The City of Somewhere *updates Fund 9000* for their *Governmental Capital Assets*

City of Somewhere										
GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION										
DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
LAND		1,000.00		N/A						1,000.00
BUILDINGS:										
City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
IMPROVEMENTS OTHER THAN:										
Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
				#DIV/0!					0.00	0.00
				#DIV/0!					0.00	0.00
TOTAL IMPROVEMENTS		45,000.00		#DIV/0!	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
MACHINERY/EQUIPMENT:										
Chevrolet Dump Truck		28,000.00	10.00	2,800.00	22,400.00	2,800.00	2,800.00		28,000.00	0.00
Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
				#DIV/0!					0.00	0.00
TOTAL MACHINERY/EQUIP		54,000.00		#DIV/0!	30,600.00	5,400.00	5,400.00	2,600.00	44,000.00	10,000.00
										0.00
TOTALS		176,000.00		#DIV/0!	58,600.00	6,900.00	9,150.00	6,350.00	81,000.00	95,000.00

- A Journal Voucher Adjustment will be prepared:

	<u>Debit</u>	<u>Credit</u>
9000 – 280000 Investment in Capital Assets	6350	
9000 – 182100 Allowance for Depreciation – Buildings		1,500
9000 – 184100 Allowance for Depreciation – Other than Buildings		2,250
9000 – 186100 Allowance for Depreciation – Machinery & Equipment		2,600

Annual Adjustment to Allowance for Depreciation:

- The City of Somewhere reports Capital Assets in their Water Fund

Buildings	\$ (8,000.00)	\$ -	\$ -		\$ (8,000.00)	\$ (8,000.00)
Improvements other than buildings		\$ -	\$ -		\$ -	\$ -
Machinery and equipment	\$ (9,000.00)	(1,500.00)	\$ -		\$ (10,500.00)	\$ (10,500.00)
Source of supply		\$ -	\$ -		\$ -	\$ -
Pumping plant		\$ -	\$ -		\$ -	\$ -
Treatment plant		\$ -	\$ -		\$ -	\$ -
Transmission and distribution	\$ (76,000.00)	(3,500.00)	\$ -		\$ (79,500.00)	\$ (79,500.00)
General plant		\$ -	\$ -		\$ -	\$ -
Infrastructure		\$ -	\$ -		\$ -	\$ -
					\$ -	
					\$ -	
Total accumulated depreciation	\$ (93,000.00)	(5,000.00)	\$ -	\$ -	\$ (98,000.00)	\$ (98,000.00)
TOTAL WATER FUND CAPITAL ASSETS, NET	\$ 98,500.00	\$ 195,000.00	\$ -	\$ -	\$ 293,500.00	\$ 293,500.00

- The Journal Voucher Adjustment for a Business-type Fund:

<u>Fund</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
5210 - 430500 - 830	Depreciation Expense	5000	
5210 - 186100	Allowance for Depreciation - Machinery & Equipment		1,500
5210 - 189410	Allowance for Depreciation - Transmission & Distribution		3,500

Information to complete the Annual Financial Report:

- Governmental Capital Assets Accounting Group – GCAAG – Showing Allowance for Depreciation & Depreciation Expense by Major Function:

CITY OF SOMEWHERE						
GOVERNMENTAL FUNDS CAPITAL ASSETS						
FISCAL YEAR ENDING JUNE 30, 2016						
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE July 1, 2015	DEBITS	CREDIT	Adjustments for inventory/prior year depreciation	BALANCE June 30, 2016
181000	LAND	1,000.00				1,000.00
188000	CONSTRUCTION IN PROGRESS					0.00
182000	BUILDINGS	76,000.00				76,000.00
182100	ALLOWANCE FOR DEPRECIATION	(31,000.00)		1,500.00		(32,500.00)
183000	INTANGIBLES/WORKS OF ART	0.00				0.00
183100	AMORTIZATION/ALLOW. FOR DEPRECIATION					0.00
184000	IMPROVEMENTS OTHER THAN BUILDINGS	45,000.00				45,000.00
184100	ALLOWANCE FOR DEPRECIATION	(2,250.00)		2,250.00		(4,500.00)
186000	MACHINERY & EQUIPMENT	54,000.00				54,000.00
186100	ALLOWANCE FOR DEPRECIATION	(41,400.00)		2,600.00		(44,000.00)
187000	INFRASTRUCTURE					0.00
187100	ALLOWANCE FOR DEPRECIATION					0.00
	TOTAL ASSETS	101,350.00	0.00	6,350.00	0.00	95,000.00
	DEPRECIATION EXPENSE:					
410000830	GENERAL GOVERNMENT	0.00				0.00
420000830	PUBLIC SAFETY	0.00	1,500.00	1,500.00		0.00
430000830	PUBLIC WORKS	0.00	1,500.00	1,500.00		0.00
440000830	PUBLIC HEALTH	0.00				0.00
450000830	SOCIAL/ECONOMIC SERVICES	0.00				0.00
460000830	CULTURE AND RECREATION	0.00	3,350.00	3,350.00		0.00
470000830	HOUSING/COMMUNITY DEVELOPMENT	0.00				0.00
480000830	CONSERVATION OF NATURAL RESOURCES	0.00				0.00
	UNALLOCATED DEPRECIATION	0.00				0.00
	TOTAL DEPRECIATION EXPENSE	0.00	6,350.00	6,350.00	0.00	0.00
280000	INVESTMENT IN GENERAL CAPITAL ASSETS	101,350.00	6,350.00	0.00	0.00	95,000.00
	TOTAL	101,350.00	6,350.00	0.00	0.00	95,000.00

NOTE: At year end, the depreciation expense would be closed into the equity account (280000 Investment in General Capital Assets) and new purchases/acquisitions and/or sales/disposals would be recorded.

Adjustment for capital asset addition/deletion:

- **Capital Asset Purchase with Trade-in – Governmental Funds:**
- The 2000 Chevrolet Dump Truck was traded on a new truck
- A 2016 Dodge was purchased for \$44,000 with a trade-in allowance of \$1,000 on the Chevrolet Dump Truck

Capital Asset Purchase with Trade-in:

	<u>Debit</u>	<u>Credit</u>
9000 – 186100 – Allowance for Depreciation – Machinery & Equipment	28,000	
9000 – 186000 – Machinery & Equipment -		28,000
9000 – 186000 – Machinery & Equipment	44,000	
9000 – 280000 – Investment in Capital Assets		44,000



Information to complete the Annual Financial Report:

- Capital Asset Purchase with Trade-in - continued:
 - The 2000 Chevrolet Dump Truck was traded on a new truck
 - A 2016 Dodge was purchased for \$44,000 with a trade-in allowance of \$1,000 on the Chevrolet Dump Truck

CITY OF SOMEWHERE GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION

YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
				1.00	0.00					0.00	0.00
	TOTAL IMPROVEMENTS		45,000.00		2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck									0.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
2016	Dodge Dump Truck		44,000.00	15.00	2,933.33			2,933.33	2,933.33	5,866.66	38,133.34
	TOTAL MACHINERY/EQUIP		70,000.00		5,533.33	8,200.00	2,600.00	5,533.33	5,533.33	21,866.66	48,133.34
	TOTALS		192,000.00		9,683.33	36,200.00	4,100.00	9,283.33	9,283.33	58,866.66	133,133.34

Adjustment for capital asset addition/deletion:

• Capital Asset Purchase with Trade-in:	<u>Debit</u>	<u>Credit</u>
9000 – 186100 – Allowance for Depreciation – Machinery & Equipment	28,000	
9000 – 186000 – Machinery & Equipment -		28,000
9000 – 186000 – Machinery & Equipment	44,000	
9000 – 280000 – Investment in Capital Assets		44,000

CITY OF SOMEWHERE GOVERNMENTAL FUNDS CAPITAL ASSETS/DEPRECIATION

YEAR OF PURCHASE	DESCRIPTION	FUNCTION	COST	EXPECTED USEFUL LIFE	ANNUAL DEPRECIATION (STRAIGHT LINE)	DEPR. PRIOR TO FYE 2014	DEPR. FYE 2014	DEPR. FYE 2015	DEPR. FYE 2016	ACCUM. DEPRE.	NET CARRYING VALUE
	LAND		1,000.00		N/A						1,000.00
	BUILDINGS:										
1950	City Hall	41	16,000.00	40.00	400.00	16,000.00				16,000.00	0.00
2006	Fire Hall	42	60,000.00	40.00	1,500.00	12,000.00	1,500.00	1,500.00	1,500.00	16,500.00	43,500.00
	TOTAL BUILDINGS		76,000.00		1,900.00	28,000.00	1,500.00	1,500.00	1,500.00	32,500.00	43,500.00
	IMPROVEMENTS OTHER THAN:										
2015	Playground Equipment		45,000.00	20.00	2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
				1.00	0.00					0.00	0.00
	TOTAL IMPROVEMENTS		45,000.00		2,250.00	0.00	0.00	2,250.00	2,250.00	4,500.00	40,500.00
	MACHINERY/EQUIPMENT:										
2000	Chevrolet Dump Truck									0.00	0.00
2010	Ford 1/2-Ton Pickup		15,000.00	10.00	1,500.00	6,000.00	1,500.00	1,500.00	1,500.00	10,500.00	4,500.00
2012	John Deere Mower		11,000.00	10.00	1,100.00	2,200.00	1,100.00	1,100.00	1,100.00	5,500.00	5,500.00
2016	Dodge Dump Truck		44,000.00	15.00	2,933.33			2,933.33	2,933.33	5,866.66	38,133.34
	TOTAL MACHINERY/EQUIP		70,000.00		5,533.33	8,200.00	2,600.00	5,533.33	5,533.33	21,866.66	48,133.34
	TOTALS		192,000.00		9,683.33	36,200.00	4,100.00	9,283.33	9,283.33	58,866.66	133,133.34

Information to complete the Annual Financial Report:

- Governmental Capital Assets Accounting Group – GCAAG shows the additional and deletion of the dump trucks:

CITY OF SOMEWHERE						
GOVERNMENTAL FUNDS CAPITAL ASSETS						
FISCAL YEAR ENDING JUNE 30, 2016						
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE July 1, 2015	DEBITS	CREDIT	Adjustments for assets/prior year depreciation	BALANCE June 30, 2016
181000	LAND	1,000.00				1,000.00
188000	CONSTRUCTION IN PROGRESS					0.00
182000	BUILDINGS	76,000.00				76,000.00
182100	ALLOWANCE FOR DEPRECIATION	(31,000.00)		1,500.00		(32,500.00)
183000	INTANGIBLES/WORKS OF ART	0.00				0.00
183100	AMORTIZATION/ALLOW. FOR DEPRECIATION					0.00
184000	IMPROVEMENTS OTHER THAN BUILDINGS	45,000.00				45,000.00
184100	ALLOWANCE FOR DEPRECIATION	(2,250.00)		2,250.00		(4,500.00)
186000	MACHINERY & EQUIPMENT	99,000.00	44,000.00		(28,000.00)	115,000.00
186100	ALLOWANCE FOR DEPRECIATION	(41,400.00)	28,000.00	5,533.33		(18,933.33)
187000	INFRASTRUCTURE					0.00
187100	ALLOWANCE FOR DEPRECIATION					0.00
	TOTAL ASSETS	146,350.00	72,000.00	9,283.33	(28,000.00)	181,066.67
	DEPRECIATION EXPENSE:					
410000830	GENERAL GOVERNMENT	0.00				0.00
420000830	PUBLIC SAFETY	0.00	1,500.00	1,500.00		0.00
430000830	PUBLIC WORKS	0.00	4,433.33	4,433.33		0.00
440000830	PUBLIC HEALTH	0.00				0.00
450000830	SOCIAL/ECONOMIC SERVICES	0.00				0.00
460000830	CULTURE AND RECREATION	0.00	3,350.00	3,350.00		0.00
470000830	HOUSING/COMMUNITY DEVELOPMENT	0.00				0.00
480000830	CONSERVATION OF NATURAL RESOURCES	0.00				0.00
	UNALLOCATED DEPRECIATION	0.00				0.00
	TOTAL DEPRECIATION EXPENSE	0.00	9,283.33	9,283.33	0.00	0.00
280000	INVESTMENT IN GENERAL CAPITAL ASSETS	146,350.00	9,283.33	72,000.00	(28,000.00)	181,066.67
	TOTAL	146,350.00	9,283.33	72,000.00	(28,000.00)	181,066.67

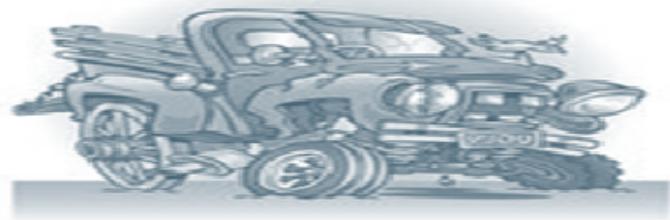
Adjustment for capital asset addition/deletion:

- **Capital Asset Purchase with Trade-in:**

- If the Capital Asset purchase was in a Business-type Fund the accounting would differ slightly
- The first entry to remove the trade-in is the same
- The second entry would reverse the entry for capital outlay if an expense was shown during the claims process –
 - A gain would not be recognized for the trade-in allowance

Capital Asset Purchase with Trade-in:

	<u>Debit</u>	<u>Credit</u>
5210 – 186100 – Allowance for Depreciation – Machinery & Equipment	28,000	
5210 – 186000 – Machinery & Equipment -		28,000
5210 – 186000 – Machinery & Equipment	44,000	
5210 – 430500-900 – Capital Outlay		44,000





Depreciation – Recap

- ✓ Review the depreciation schedule for additions or deletions
 - Make necessary revisions to the depreciation schedule
- ✓ Use a consistent methodology from year to year
- ✓ Determine the annual allowance for depreciation by major class of capital asset
- ✓ Make the annual allowance for depreciation adjustment in your accounting software at year-end
 - Fund 9000 if applicable
 - Each Business-type Fund
- ✓ Compare your accounting software balances to the annual financial report balances
 - Make any necessary corrections

Accounting for Capital Assets

If you have questions after reviewing this series of presentations on Account for Capital Assets contact the Local Government Services Bureau Accountant that covers your area

<http://sfsd.mt.gov/SFSDContacts#LGSB>

