

Capital Asset Accounting

AM & GL Modules



Objectives

- Adding assets in AM
- Retiring assets in AM
- Reinstating assets in AM
- Transferring capital assets
- Adding and retiring CWIP assets
- Reviewing asset activity in AM and GL

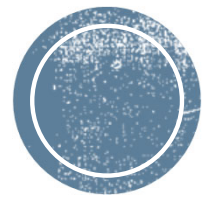
Note: All mention of assets in this training relates to capital assets



Resources

- MOM Policy 335 – Capital Assets
- SABHRS Documentation Webpage
 - [AM Manual](#)
 - [AM User Guides](#)
- User Guide topics include:
 - Adjust Asset Cost
 - Copy an Asset
 - Enter a Split Funded Asset
 - Enter an Owned Asset
 - Retire or Reinstate an Asset
 - Transfer an Asset





AM Basics



Fund Type/Ledgers

Fund Classification	Fund Range	Cash Purchase	Recording Capital Asset
Governmental	01100, 02xxx, 03xxx, 04xxx, 05xxx, 08000-08499, 09000-09499	Actuals	Entitywide
Proprietary	06xxx	Actuals	Actuals
Fiduciary	07xxx, 085xx-086xx, 095xx	Actuals	Actuals



State's Capitalization Thresholds

Asset Type	Thresholds
Equipment, Land, Library Materials, Museum & Art, Museum & Library Collections, Other Assets	\$5,000
Land Improvements, Buildings, Building Improvements	\$25,000
Land Use Rights (Amortized or Permanent), Other Intangibles, Purchased Software	\$100,000
Infrastructure, Internally Generated Software	\$500,000



Capital Asset & Related Accounts

- 17xx range accounts: capital assets and accumulated depreciation
- 63xxx range accounts: “Equipment & Intangible Assets”
- 64xxx range accounts: “Capital Outlay”
- Budgeted expense accounts: used to record purchases that will be capitalized
- Non-budgeted expense accounts: used to offset the purchase
- A list of accounts can be found in SABHRS:
 - Set Up Financials/Supply Chain > Common Definitions > Design ChartFields > Define Values > ChartField Values – Account

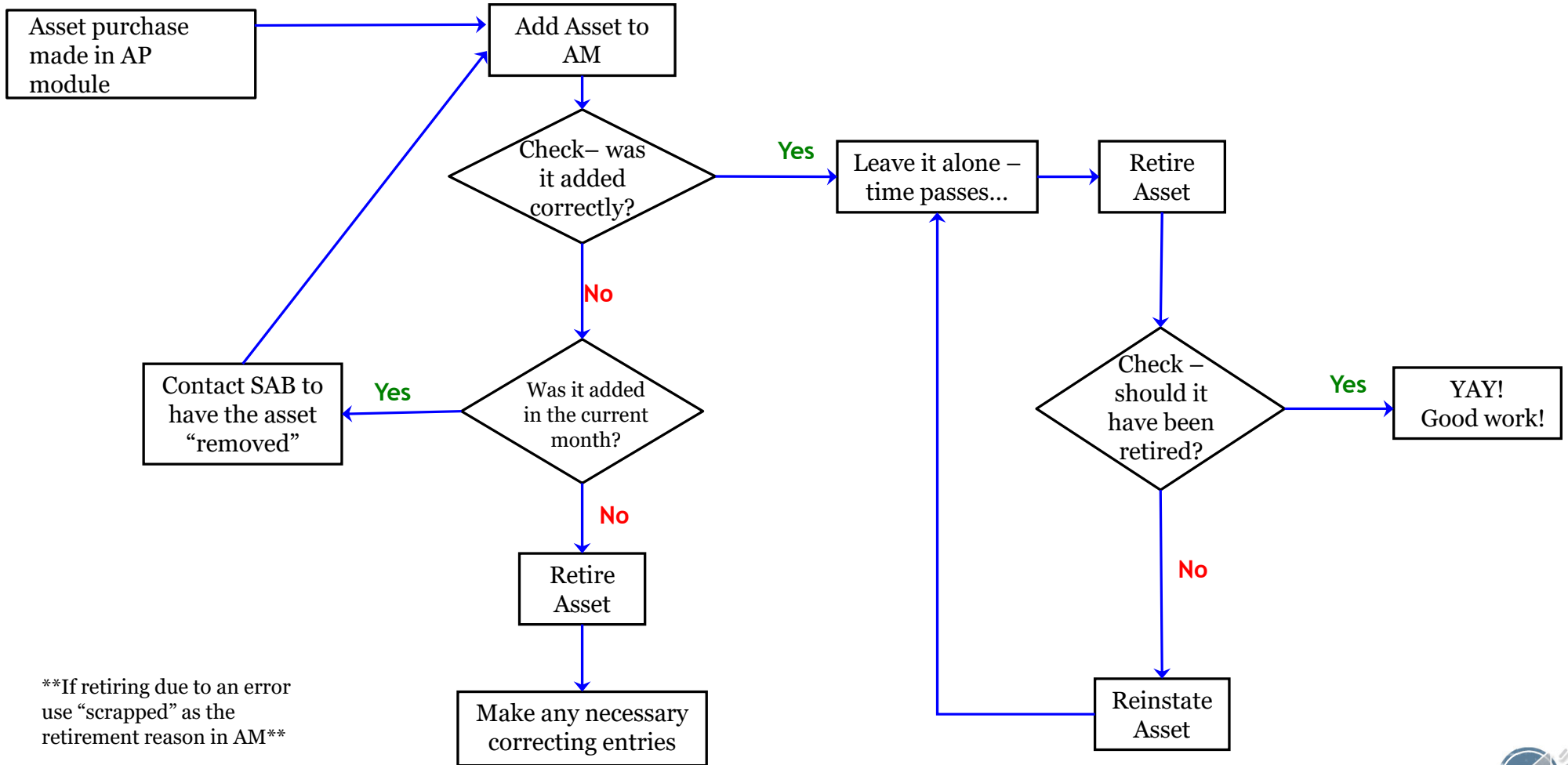


Account Offset

- 63xxx and 64xxx accounts must net to \$0
 - Governmental Funds: offset is across the Actuals and Entitywide Ledgers
- Oversight:
 - Data:
 - MTGL_TB_Fund_Act_Entwide_Comb
 - MTGL_Journal_Line_Detail
 - Review: pivot by fund
 - Proprietary and fiduciary funds: must net on fund level
 - Unresolved issues: contact the Statewide Accounting Bureau



Asset Flowchart



If retiring due to an error use "scrapped" as the retirement reason in AM





Helpful Hints



Partial Close Process

- Requested by submitted an issue to the SAB portal
- The process produces the journals in AM
 - The entries are not transmitted into GL until the month-end process is run
 - We recommend using the partial close by individual asset
- The process can be run in the test environment (SY) or in Production
 - Adding/modifying/retiring assets in SY, then running a partial close previews the entries AM will generate
- Once the partial close or month-end processes are run, assets can no longer be deleted
 - Assets with errors must be retired and re-added correctly



Queries

- **MTGL_TB_Fund_Act_Entwide_Comb**
 - Shows trial balances for your business unit for both Actuals & Entitywide ledgers
- **MTGL_Journal_Line_Detail:**
 - Can gather all 63xxx/64xxx account lines: ensure balances net to \$0
 - Need to gather Actuals and Entitywide ledger data for governmental funds
 - Unresolved balances: contact SAB at SAccounting@mt.gov
- **MTAM_Gov_State_BKErrors and MTAM_Prop_Gov_BKErrors**
 - Lists any assets added with profile/book mismatches (eg. a P65 asset added to the “Government” book)
 - Errors noted: these assets must be retired and re-added
 - FYE season: SAB will contact agencies to correct any errors



Queries (cont.)

- **MTAM0006_Asset_By_Business_Uni**
 - Lists all assets belonging to a single business unit
 - Periodic Review:
 - Physical inventory
 - Retire disposed assets
- **MTAM_Profiles_Categories**
 - Indicates the asset category associated with each profile
 - Asset categories determine the accounts used in the AM-generated entries: Set Up Financials/Supply Chain > Product Related > Asset Management > Accounting > Accounting Entry Templates
 - Asset accounts can be reviewed in ChartField Values



Asset Information

- The “Search for an Asset” screen (Asset Management > Search for an Asset)
 - From this screen the following items can be retrieved using the “Drill-Down To” selections:

- Add Asset
- Asset Retire/Reinstate
- Search for an Asset
- Asset Cost Adjust/Transfer
- Asset Cost History
- Asset Accounting Entries
- Asset Net Book Value
- Query Viewer

Search for an Asset

Asset Search Criteria

Unit Book

Category Location Parent ID

Asset ID Asset Status Area ID

Tag Number Profile ID Group ID

Serial ID

Approval Pending

[Additional Search Criteria](#) [Chartfield Search Criteria](#)

Acquisition Details

PO Unit Receipt Unit AP Unit

PO No Receipt No Voucher Project ID

Retrieve

Cost Information Acquisition Information Location Non Capital Asset Custodian Lease

Search

Drill-Down To:

Search Results - Select One Asset to Continue

Personalize | Find | First 1-300 of 300 Last

Asset Information	Asset Cost Information	Acquisition Details	Owner/Custodian	Work Maintenance	Work Maintenance 2	More...	
Unit	Asset ID	Description	Asset Type	Asset Subtype	Tag Number	Serial ID	
<input type="radio"/>	61010	00000008	Burster Detacher	Equipment		3184	
<input type="radio"/>	61010	00000010	Folder	Equipment		3191	
<input type="radio"/>	61010	00000011	Sealer	Equipment		3192	
<input checked="" type="radio"/>	61010	00000032	Heidelberg Tok Duplicator	Equipment		5386	



Asset Information (cont.)

- Asset Accounting Entries
 - All accounting entries (with journal ID) associated with the asset
 - These lines can be dumped to Excel

List Detail

Unit 61010 Asset ID 00000032 Heidelberg Tok Duplicator Tag 5386 In Service

Book Name STATE State Asset Book Base Currency USD

Accounting Entries Personalize Find View All first 1-20 of 98 Last

Accounting Lines	Chartfields	Journal	Account	Alternate Account	Amount	Detail
1	07/01/1998	ADD	1704		31,900.00	Detail
2	07/01/1998	ADD	2891		-31,900.00	Detail
3	07/31/1998	DPR	1709		-252.54	Detail
4	07/31/1998	PDP	1709		-18,435.54	Detail
5	07/31/1998	DPR	62805		252.54	Detail
6	07/31/1998	PDP	62805		18,435.54	Detail
7	08/31/1998	DPR	1709		-252.54	Detail
8	08/31/1998	DPR	62805		252.54	Detail
9	09/30/1998	DPR	1709		-252.55	Detail
10	09/30/1998	DPR	62805		252.55	Detail
11	10/31/1998	DPR	1709		-252.54	Detail
12	10/31/1998	DPR	62805		252.54	Detail
13	11/30/1998	DPR	1709		-252.54	Detail
14	11/30/1998	DPR	62805		252.54	Detail
15	12/31/1998	DPR	1709		-252.54	Detail



Asset Information (cont.)

- Asset Basic Information – General Information tab:
 - Acquisition date (in-service date)
 - Profile ID
 - From the “Book Page” hyperlink:
 - Cost
 - Useful life (in months)
 - Salvage value (as a percentage)
 - Transaction and accounting dates (when added to AM)
 - These dates should only differ for assets added between July 1st-AM close
- Asset Basic Information – Asset Acquisitions Detail tab:
 - Asset Category

General Information | Operation/Maintenance | Asset Acquisition Detail | Location/Comments/Attributes | Manufacture/License/Custodian

Unit 61010 Asset ID 0000032 Heidelberg Tok Duplicator Tag 5386 In Service

Asset Information

Description Heidelberg Tok Duplicator	Short Desc
CAP #	Seq #
<input checked="" type="checkbox"/> Taggable Asset	Tag Number 5386
Asset Class 65014	Printing & Assembly Equipment
Asset Type Equipment	<input checked="" type="checkbox"/> Capitalized Asset
Asset Subtype	<input checked="" type="checkbox"/> New Asset
*Asset Status In Service	<input type="checkbox"/> Available For Use
Acquisition Date 06/01/1992	<input type="checkbox"/> In Physical Use
Placement Date 06/01/1992	Appraisal Date
Collateral Asset	Last Update
*Acquisition Code	Parent ID
FERC Code	Region Code
Financing Code	Composite Asset ID
Fair Value 0.000	
Replacement Cost	
Index Name	
Subindex Name	
Parent/Child None	
Profile ID P65	
<input type="checkbox"/> Composite Asset	

[Book Page](#) [Set R and D Info...](#)

[Fair Value Details](#)



Asset Information (cont.)

- Asset Depreciation – Depreciation tab:
 - Fields Shown:
 - Cost
 - Salvage value
 - Accumulated depreciation
 - Net book value (NBV)
 - Historic and future accumulated depreciation and NBV can be calculated
 - Summarizes total depreciation expense by year

Asset Depreciation – Depreciation tab: Heidelberg Tok Duplicator, Status: In Service

Unit: 61010, Asset ID: 00000032, Heidelberg Tok Duplicator, Status: In Service

Book Name: STATE, State Asset Book, Currency: USD

Net Book Value

Cost	31,900.00
Salvage Value	1,595.00
Accum Depr	30,305.00
Net Book Value	1,595.00

As Of Fiscal Year: 2019, Period: 11

Yearly Depreciation

Year	Depreciation Amt	Fund	Org	Program	Sub-Class	Project	ChartField 1	ChartField 2	ChartField 3	Category	Cost Type
1999	21,466.04	530	521		590V1					PEQUP	
2000	3,030.50	530	521		590V1					PEQUP	
2001	3,030.51	530	521		590V1					PEQUP	
2002	2,777.95	530	521		590V1					PEQUP	

Buttons: Save, Return to Search, Notify



AM/GL Overview

Action	SABHRS AM Entry	SABHRS GL Cleanup Entry	How?
Retire asset (no errors)	Yes	No	AM: use “Retire/Reinstate Asset”
Retire asset due to errors	Yes	Yes	AM: same as previous GL: reverse all 6xxxx balances
Reinstate asset (same year retired)	Yes	No	AM: use “Retire/Reinstate Asset”
Reinstate asset (subsequent to year retired)	Yes	Yes	AM: same as previous GL: reclassify depr. expense and loss to proper period





Adding Assets to AM



Overview

- User guide: [AM Add Owned Asset](#) (use “Express Add”)
- Assets added with errors
 - Assets are reviewed in AM by one or more staff
 - Noticed in the same month the asset was added:
 - Can be deleted by SAB (no correcting entries needed)
 - Noticed after the month added:
 - Asset must be retired and re-added (correcting entries required)
- Assets added in the same year acquired:
 - All 63xxx and 64xxx account balances must net to \$0
 - Governmental funds: debits in Actuals Ledger offset credits in Entitywide Ledger
 - Proprietary and fiduciary funds: all activity is recorded in Actuals Ledger



Profile ID Information

- All information needed to create the accounting entries has been defaulted into each Profile ID
- Data fields that may be changed:
 - Salvage value
 - Useful life
- Data fields that should not be changed:
 - Book: determines whether the entries are recorded in Actuals (State book) or Entitywide (Government book)
 - Category: used to determine the accounts used for AM entries
 - Depreciation method: always straight-line



Profile ID Information (cont.)

- Information not defaulted into Profile IDs:
 - Location: may be helpful later when completing physical inventories
 - Asset Class:
 - For internal record keeping purposes only
 - A five-digit number that should correspond to the asset's Profile ID
 - Example: assets with Profile IDs G85 or P85 should have an Asset Class in the 85XXX range
- Profile Listing: can be found with query
MTAM_Profiles_Categories



Asset Characteristics Example

- Fund: 02003
 - Net Position: Restricted designations use 4201; all other designations use 4101
- In-service date: 1/1/2018 (FY18); added in May 2020 (FY20)
- Asset profile: G65–Office Equipment
 - Useful life: 5 years/60 months
- Cost: \$12,000; no salvage value
 - Monthly depreciation: \$200 ($\$12,000 \div 60$ months)
- Entry type: Original (“Reentry” option requires original asset ID)



AM-Generated Entries

- All recorded in Entitywide Ledger since a governmental fund is used:
- The addition “ADD” entry:
 - Dr. 1704 Equipment \$12,000
 - Cr. 63198 NB Full Accr Equip Offset¹ \$12,000
 - ¹This line offsets the 63xxx balance created (in the Actuals Ledger) when the asset was purchased (through a voucher in the AP module)
- The depreciation “DPR” entry – current monthly depreciation only:
 - Dr. 62805 NB Depreciation Expense \$200
 - Cr. 1709 Accum Depr – Equipment \$200
- The prior-period depreciation “PDP” entry – all prior depreciation:
 - Dr. 62805 NB Depreciation Expense \$5,600
 - Cr. 1709 Accum Depr – Equipment \$5,600



Manual GL Reclassification Entries

All recorded in Entitywide Ledger since a governmental fund is used:

The 63198 balance created by the ADD entry must be moved to the year the asset was acquired:

- Dr. 63198 NB Full Accr Equip Offset \$12,000
- Cr. 4101 Net Position – Unrestricted¹ \$12,000
- ¹Had the asset been purchased in FY19, the account used here would instead be 63198P NB Full Accr Equip Offset PY

Note: reclassification entries are NOT needed for assets added in the year acquired



Manual GL Reclassification Entries (cont.)

The depreciation expense created by the PDP entry must be moved to the years incurred:

- Dr. 4101 Net Position – Unrestricted \$1,200¹
- Dr. 62805P NB Depreciation Expense PY \$2,400²
- Cr. 62805 NB Depreciation Expense \$3,600
 - ¹FY18: six months (1/1/18-6/30/18) depreciation calculated as $\$200 \times 6$ months
 - ²FY19: twelve months (all of FY19) depreciation calculated as $\$200 \times 12$ months

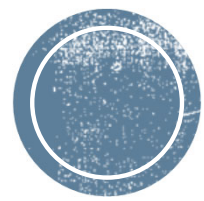
Note: reclassification entries are NOT needed for assets added in the year acquired



Ending Account Balance Summary

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1704 – Equipment	\$0	\$12,000	\$12,000
1709 – Accm. Depr.	\$0	\$(5,800)	\$(5,800)
62805 – Depreciation Exp.	\$0	\$2,200	\$2,200
62805P – PY Depr. Exp.	\$0	\$2,400	\$2,400
63xxx – capital asset misc.	\$0	\$0	\$0
4101 – Net Position	\$0	\$(10,800)	\$(10,800)





Assets Retired Due to Errors



Overview

- Orgs: these errors can be corrected in AM; retirement is unnecessary
- Deleting assets: Asset additions can be deleted if noted in the same month added
- Assets added with incorrect funds must be retired and re-added
- User guide: [AM Retire or Reinstate Asset](#)



Example Retirement Entry

- Asset 000010003770 (BU 61010)
 - Asset added in FY17
- AM generated asset retirement “RET” entry:

▪ Dr. 1709	Accum Depr – Equipment	\$2,553.84
▪ Dr. 62808	NB Loss on Sale Expense	\$2,658.16
▪ Cr. 1704	Equipment	\$5,212.00



Downloading AM Entries into Excel

AM-generated entries can be downloaded to Excel by clicking this link.

Unit: 61010 Asset ID: 000010003770 SABHRS FIN Cubicle Station Tag: In Service

Book Name: STATE State Asset Book Base Currency: USD

Acctg Date	Trans Type	Account	Fund Code	Amount	Journal ID	Organization
1 06/30/2017	ADD	1704	06511	5,212.00	ADD2543685	377100
2 06/30/2017	ADD	63198	06511	-5,212.00	ADD2543685	377100
3 06/30/2017	DPR	1709	06511	-42.56	DPR2543683	377100
4 06/30/2017	PDP	1709	06511	-42.57	PDP2543686	377100



AM-Generated Accounting Lines

Acctg Date	Trans Type	Account	Fund Code	Organization	Amount	Journal ID		
6/30/2017	ADD	1704	06511	377100	5,212.00	ADD2543685		
6/30/2017	ADD	63198	06511	377100	(5,212.00)	ADD2543685		
6/30/2017	DPR	1709	06511	377100	(42.56)	DPR2543683		
6/30/2017	PDP	1709	06511	377100	(42.57)	PDP2543686		
6/30/2017	DPR	62805	06511	377100	42.56	DPR2543683		
6/30/2017	PDP	62805	06511	377100	42.57	PDP2543686		
7/31/2017	DPR	1709	06511	377100	(42.57)	DPR2565514		
7/31/2017	DPR	62805	06511	377100	42.57	DPR2565514		
8/31/2017	DPR	1709	06511	377100	(42.57)	DPR2579408		
8/31/2017	DPR	62805	06511	377100	42.57	DPR2579408		
9/30/2017	DPR	1709	06511	377100	(42.57)	DPR2592187		
9/30/2017	DPR	62805	06511	377100	42.57	DPR2592187		
10/31/2017	DPR	1709	06511	377100	(42.57)	DPR2607547		
10/31/2017	DPR	62805	06511	377100	42.57	DPR2607547		
11/30/2017	DPR	1709	06511	377100	(42.57)	DPR2620236		
11/30/2017	DPR	62805	06511	377100	42.57	DPR2620236		
4/30/2020	DPR	1709	06511	377100	(42.56)	DPR3205801		
4/30/2020	DPR	62805	06511	377100	42.56	DPR3205801		
5/31/2020	RET	1709	06511	377100	1,532.29	RET1234567		
5/31/2020	RET	62808	06511	377100	3,679.71	RET1234567		
5/31/2020	RET	1704	06511	377100	(5,212.00)	RET1234567		

Sum of	
Row Labels	Amount
1704	-
1709	-
62805	1,532.29
62808	3,679.71
63198	(5,212.00)
Grand Total	-



GL Module – Cleanup Overview

- All of the balances associated with the asset must be reversed
- Note: all balance sheet (17xx) accounts net to \$0
- 63198 – NB Full Accr Equip Offset balance (\$5,212.00): created when asset was added (FY17)
 - Adjustment must be to the appropriate equity account
- 62808 – NB Loss on Sale Expense balance (\$3,679.71): created at retirement
- 62805 – NB Depreciation Expense balance (\$1,532.29): created as follows
 - FY20: \$425.60
 - FY19: \$510.78
 - FY18 and previous years: \$595.91



GL Module – Cleanup Entry

- Recorded in Entitywide Ledger since a governmental fund is used:

▪ Dr. 4101	Net Position – Unrestricted	\$5,212.00
▪ Cr. 62808	NB Loss on Sale Expense	\$3,679.71
▪ Cr. 62805	NB Depreciation Expense	\$ 425.60
▪ Cr. 62805P	NB Depreciation Expense PY	\$ 510.78
▪ Cr. 4101	Net Position – Unrestricted	\$ 595.91



Ending Account Balance Summary

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1704 – Equipment	\$0	\$0	\$0
1709 – Accm. Depr.	\$0	\$0	\$0
62805 – Depreciation Exp.	\$0	\$0	\$0
62805P – PY Depr. Exp.	\$0	\$(510.78)	\$(510.78)
62808 – Loss on Sale	\$0	\$0	\$0
63xxx – capital asset misc.	\$0	\$0	\$0
4101 – Net Position	\$0	\$(4,616.09)	\$(4,616.09)



Retire/Re-Adds

- Once cleanup is complete, the asset is then added to AM (with the correct elements)
- Process for re-adding an asset once requires one extra step in AM:
 - Entry type: *Reentry*
 - Original Asset ID: enter the asset ID for the asset just retired

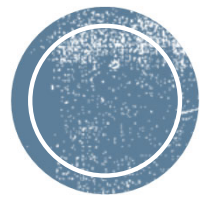


Re-Adds vs. Reinstatements

- Re-adds are new entries
- Reinstatements continue an existing asset that was retired in AM
 - There is no time restraint on this functionality

AM Action	Reason	Outcome
Retire/Re-add	AM entry contained errors	Final AM balances are manually cleared: GL
Reinstatement	Asset was incorrectly retired (asset was properly added to AM)	Retirement is reversed





Asset Reinstatements



Overview

- Resources:
 - [AM Retire or Reinstate Asset](#) user guide
- Functionality – two components:
 - Reinstatement (“REI”) accounting lines reverse the retirement (“RET”) lines
 - Prior-period depreciation (“PDP”) lines calculate depreciation from the period retired through the period reinstated
- Manual GL Entries
 - A manual entry is required to move the loss (if any) and the PDP depreciation expense to the appropriate year (if necessary)



Accounting Lines

Acctg Date	Trans Type	Account	Fund Code	Amount	Journal ID	Organization
1/21/2016	ADD	1704	6508	14,146.05	ADD1234567	89593
1/21/2016	ADD	63198	6508	(14,146.05)	ADD1234567	89593
1/31/2016	DPR	1709	6508	(70.73)	DRP6543210	89593
1/31/2016	DPR	62805	6508	70.73	DRP6543210	89593
2/28/2016	DPR	1709	6508	(70.73)	DPR1122334	89593
2/28/2016	DPR	62805	6508	70.73	DPR1122334	89593
3/24/2016	RET	1704	6508	(14,146.05)	RET1998877	89593
3/24/2016	RET	1709	6508	141.46	RET1998877	89593
3/24/2016	RET	62808	6508	14,004.59	RET1998877	89593
1/3/2020	REI	1704	6508	14,146.05	RET2654321	89593
1/3/2020	REI	1709	6508	(141.46)	RET2654321	89593
1/3/2020	REI	62808	6508	(14,004.59)	RET2654321	89593
1/31/2020	PDP	1709	6508	(3,253.58)	PDP2656789	89593
1/31/2020	PDP	62805	6508	3,253.58	PDP2656789	89593
1/31/2020	DPR	1709	6508	(70.73)	DPR2655443	89593
1/31/2020	DPR	62805	6508	70.73	DPR2655443	89593

Retirement



Reinstatement



Prior-period depreciation



Reinstatement

- Asset retired 3/24/2016 and reinstated 1/3/2020
- REI lines reverse RET lines
- The retirement (RET lines) generated a loss (62808 – NB Loss on Sale Expense) in FY16
- The reinstatement (REI lines) reversed the loss in FY20 (still using account 62808)
- The loss reversal belongs to FY16 and needs to be reclassified:
 - Dr. 62808 NB Loss on Sale Expense \$14,004.59
 - Cr. 4101 Net Position – Unrestricted \$14,004.59



Reinstatement (cont.)

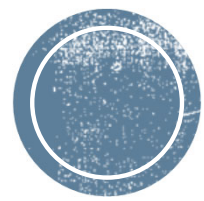
- PDP lines account for depreciation from 3/2016-12/2019
- Allocating PDP interest (totaling \$3,253.58) to the proper years:
 - FY2016: \$282.92 ($\70.73×4 months) | Reclassify to 4xxx
 - FY2017: \$848.76 ($\70.73×12 months) | Reclassify to 4xxx
 - FY2018: \$848.76 ($\70.73×12 months) | Reclassify to 4xxx
 - FY2019: \$848.76 ($\70.73×12 months) | Reclassify to 62805P
 - FY2020: \$424.38 ($\70.73×6 months) *relates to current FY



Ending Account Balance Summary

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1704 – Equipment	\$0	\$14,146.05	\$14,146.05
1709 – Accm. Depr.	\$0	\$(3,324.31)	\$(3,324.31)
62805 – Depreciation Exp.	\$0	\$495.11	\$495.11
62805P – PY Depr. Exp.	\$0	\$848.76	\$848.76
62808 – Loss on Sale	\$0	\$0	\$0
63xxx – capital asset misc.	\$0	\$0	\$0
4101 – Net Position	\$0	\$(12,024.15)	\$(12,024.15)





Capital Asset Transfers



AM/GL Overview

Action	SABHRS AM Entry	SABHRS GL Cleanup Entry	How?
Transfer assets (\$0 NBV)	Yes	Relinquishing fund: No Receiving fund: Yes	AM – Relinquishing fund: use “Retire/Reinstate Asset” AM – Receiving fund: use “Express Add” GL – Receiving fund: offset depr. expense against 63xxx
Transfer assets (NBV ≠ \$0)	Yes	Yes	AM: same as previous GL: same as previous AND transfer entry between funds



Overview

- Org Transfer Resources:
 - [AM Transfer an Asset](#) user guide
- SABHRS Org Transfer Functionality:
 - Used to change Orgs only
 - Assets moving to different funds and/or business units: not a functionality of the AM module



Fund/Business Unit Transfers

- Resource: MOM Policy 335 – Transfer of Capital Assets
- The asset must be retired in the relinquishing fund and re-added in the receiving fund; for every transfer:
 - Relinquishing fund: retire the asset on AM
 - Receiving fund:
 - Record the asset on AM with the asset's historical cost and in-service date
 - Manual GL entry required to offset asset's prior-period depreciation (PDP) lines with AM-generated 63xxx/64xxx balance (ADD entry)



Additional Considerations: Asset with NBV

- Assets with a net book value (NBV) at time of transfer require a capital contribution transfer
- Funds:
 - Governmental fund activity: Entitywide Ledger
 - Proprietary fund activity: Actuals Ledger
- Accounts:
 - 628A3 – NB—Fixed Asset Capital Contr
 - 549001 – Capital Contributions
 - System maintained: these journals must be processed by Statewide Accounting Bureau



Transfer: Asset with NBV

- Asset transferred:
 - Historical cost: \$8,000
 - Accumulated depreciation: \$5,000
 - Net book value: \$3,000
 - In-service date: 1/1/2017 (FY17)
- Funds involved: transferred from a governmental fund to a proprietary fund
- AM activity:
 - Relinquishing fund: retire asset from AM
 - Receiving fund: record asset on AM (\$8,000 cost; 1/1/2017 in-service date)



Transfer: Asset with NBV (cont.)

- RET entry – relinquishing fund (Entitywide Ledger):
 - Dr. 1709 Accum Depr – Equipment \$5,000
 - Dr. 62808 NB Loss on Sale Expense \$3,000
 - Cr. 1704 Equipment \$8,000
- ADD and PDP entries – receiving fund (Actuals Ledger):
 - ADD
 - Dr. 1704 Equipment \$8,000
 - Cr. 63198 NB Full Accrual Equip Offset \$8,000
 - PDP
 - Dr. 62805 NB Depreciation Expense \$5,000
 - Cr. 1709 Accum Depr – Equipment \$5,000



Transfer: Asset with NBV (cont.)

- Transfer entry – relinquishing fund (Entitywide Ledger):
 - Dr. 628A3 NB – Fixed Asset Capital Contr \$3,000
 - Cr. 62808 NB Loss on Sale Expense \$3,000

- Transfer entry – receiving fund (Actuals Ledger):
 - Dr. 63xxx appropriate capital outlay account \$8,000
 - Cr. 62805 NB Depreciation Expense \$5,000
 - Cr. 549001 Capital Contributions \$3,000

- In this example, the transfer entries must be made separately due to different ledgers



Ending Account Balance Summary – Relinquishing Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1704 – Equipment	\$0	\$0	\$0
1709 – Accm. Depr.	\$0	\$0	\$0
62808 – Loss on Sale	\$0	\$0	\$0
628A3 – Asset Transfers	\$0	\$3,000	\$3,000



Ending Account Balance Summary – Receiving Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1704 – Equipment	\$8,000	\$0	\$8,000
1709 – Accm. Depr.	\$(5,000)	\$0	\$(5,000)
549001 – Capital Contr.	\$(3,000)	\$0	\$(3,000)
62805 – Depreciation Exp.	\$0	\$0	\$0
63198 – Capital Asset	\$0	\$0	\$0



Additional Considerations: Monetary Payment

- The loss and transfer amounts are reduced by cash transferred (\$1,000)

- RET entry – relinquishing fund (Entitywide Ledger):

▪ Dr. 1709 Accum Depr – Equipment	\$5,000	
▪ Dr. 62808 NB Loss on Sale Expense		\$2,000
▪ Dr. Disposal Proceeds/Fixed Asset Clearing ¹		\$1,000
▪ Cr. 1704 Equipment		\$8,000

¹Governmental funds: 583201/Proprietary funds: 1812

- ADD and PDP entries – receiving fund (Actuals Ledger):

ADD

▪ Dr. 1704 Equipment	\$8,000	
▪ Cr. 63198 NB Full Accrual Equip Offset		\$8,000

PDP

▪ Dr. 62805 NB Depreciation Expense	\$5,000	
▪ Cr. 1709 Accum Depr – Equipment		\$5,000



Monetary Payment (cont.)

- Additional entry: cash transfer (an IUJ in the Actuals Ledger):
- Relinquishing fund:
 - Dr. 1104 Cash \$1,000
 - Cr. Disposal Proceeds/Fixed Asset Clearing¹ \$1,000
- ¹Governmental funds: 583201/Proprietary funds: 1812
- Receiving fund:
 - Dr. 63xxx appropriate capital outlay account \$1,000
 - Cr. 1104 Cash \$1,000



Monetary Payment (cont.)

- Transfer entry – relinquishing fund (Entitywide Ledger):
 - Dr. 628A3 NB – Fixed Asset Capital Contr \$2,000
 - Cr. 62808 NB Loss on Sale Expense \$2,000

- Transfer entry – receiving fund (Actuals Ledger):
 - Dr. 63xxx appropriate capital outlay account \$7,000
 - Cr. 62805 NB Depreciation Expense \$5,000
 - Cr. 549001 Capital Contributions \$2,000

- In this example, the transfer entries must be made separately due to different ledgers



Ending Account Balance Summary – Relinquishing Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1104 – Cash	\$1,000	\$0	\$1,000
1704 – Equipment	\$0	\$0	\$0
1709 – Accm. Depr.	\$0	\$0	\$0
583201 – Fixed Asset Disposal Proceeds	\$(1,000)	\$1,000	\$0
62808 – Loss on Sale	\$0	\$0	\$0
628A3 – Asset Transfers	\$0	\$2,000	\$2,000



Ending Account Balance Summary – Receiving Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1104 – Cash	\$(1,000)	\$0	\$(1,000)
1704 – Equipment	\$8,000	\$0	\$8,000
1709 – Accm. Depr.	\$(5,000)	\$0	\$(5,000)
549001 – Capital Contr.	\$(2,000)	\$0	\$(2,000)
62805 – Depreciation Exp.	\$0	\$0	\$0
63198 – capital asset	\$0	\$0	\$0



Multi-Fund Assets

- Assets paid for in one fund but capitalized in another: entries depend on funds involved
- Possible combinations:
 - Both funds are governmental: no additional entries necessary
 - One or both funds are proprietary: capital contribution entry is required
- Common scenario: building assets in Helena
 - Accounting treatment: paid from agency's own funds; recorded by DOA in the General Fund



Multi-Fund Assets (cont.)

- Ledgers
 - Governmental funds: Entitywide Ledger
 - Proprietary funds: Actuals Ledger
- Purchasing BU/fund:

▪ Dr. 628A3 NB – Fixed Asset Capital Contr	\$10,000
▪ Cr. 63xxx/64xxx capital outlay offset account	\$10,000
- Recording BU/fund:

▪ Dr. 63xxx/64xxx capital outlay offset account	\$10,000
▪ Cr. 549001 Capital Contributions	\$10,000



Ending Account Balance Summary – Governmental Funds Only

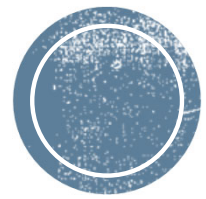
Account	Actuals Ledger	Entitywide Ledger	Combined Balance
Paying Agency/Fund			
1104 – Cash	\$(10,000)	\$0	\$(10,000)
63xxx – capital outlay	\$10,000	\$0	\$10,000
Recording Agency/Fund			
17xx – capital asset	\$0	\$10,000	\$10,000
63198 – capital offset	\$0	\$(10,000)	\$(10,000)



Ending Account Balance Summary – Both Fund Types

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
Paying Agency (Proprietary Fund)			
1104 – Cash	\$(10,000)	\$0	\$(10,000)
628A3 – capital contribution	\$10,000	\$0	\$10,000
63xxx – capital outlay	\$0	\$0	\$0
Recording Agency (Governmental Fund)			
17xx – capital asset	\$0	\$10,000	\$10,000
549001 – capital cont.	\$0	\$10,000	\$10,000
63198 – capital offset	\$0	\$0	\$0





Construction Work in Progress (CWIP)



Overview

- Policy: MOM 335 – CWIP
- CWIP is used to account for capital outlay that has not yet resulted in a completed capital asset
- Additions: when construction is in-progress, but the asset has not been completed at FYE
- Retirements: when construction is complete and the asset is in-service
 - Newly completed asset: must be added to AM



AM/GL Overview

Action	SABHRS AM Entry	SABHRS GL Cleanup Entry	How?
CWIP additions	Yes	Yes	AM: use “Owned Assets > Express Add” GL: offset 1811 balance against 63xxx account
CWIP retirements	Yes	Yes	AM: use “Retire/Reinstate Asset” GL: same as previous



CWIP

- Purchasing CWIP components: processed with a voucher in the AP Module using the appropriate 63xxx/64xxx capital outlay account
- Internally generated components: wage expense, etc. is reclassified to a capital outlay offset account using a non-budgeted account in 61xxx range
 - Manual GL entry always made in the Actuals Ledger
- Profiles:
 - G19: governmental funds
 - P19: proprietary and fiduciary funds



Adding CWIP

- Purchasing CWIP components:
 - Dr. 63xxx/64xxx budgeted outlay account \$11,000
 - Cr. 1104 Cash in Bank \$11,000
- Utilizing the work of current employees (Actuals Ledger, payroll “PAY” journal):
 - Dr. 6110x appropriate wage account \$4,000
 - Cr. 1104 Cash in Bank \$4,000
- AM-generated entry for CWIP (Actuals or Entitywide Ledgers):
 - Dr. 1706 Construction Work in Progress \$15,000
 - Cr. 1811 Fixed Asset Clearing \$15,000



Adding CWIP (cont.)

- Manual entry – internally-generated components (Actuals Ledger):

▪ Dr. 63xxx/64xxx capital outlay offset account	\$4,000
▪ Cr. 61xxx NB wage expense account	\$4,000

- Manual entry (Actuals or Entitywide):

▪ Dr. 1811 Fixed Asset Clearing	\$15,000
▪ Cr. 63xxx/64xxx capital outlay offset account	\$15,000



Ending Account Balance Summary – Governmental Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1104 – Cash	\$(15,000)	\$0	\$(15,000)
1706 – CWIP asset	\$0	\$15,000	\$15,000
1811 – Fixed Asset Clearing	\$0	\$0	\$0
6110x – wage expense	\$0	\$0	\$0
63xxx/64xxx – capital outlay	\$0	\$0	\$0



Retiring CWIP

- AM-generated CWIP retirement entry (Actuals or Entitywide Ledgers):
 - Dr. 1811 Fixed Asset Clearing \$15,000
 - Cr. 1706 Construction Work in Progress \$15,000
- AM-generated ADD entry for completed capital asset (Actuals or Entitywide Ledgers):
 - Dr. 17xx capital asset account \$15,000
 - Cr. 63xxx/64xxx capital outlay offset account \$15,000
- Manual GL entry (Actuals or Entitywide):
 - Dr. 63xxx/64xxx capital outlay offset account \$15,000
 - Cr. 1811 Fixed Asset Clearing \$15,000



Ending Account Balance Summary – Governmental Fund

Account	Actuals Ledger	Entitywide Ledger	Combined Balance
1706 – CWIP asset	\$0	\$0	\$0
17xx – capital asset account	\$0	\$15,000	\$15,000
1811 – Fixed Asset Clearing	\$0	\$0	\$0
63xxx/64xxx – capital outlay	\$0	\$0	\$0



A&E Org Reports

- A&E provides Org/Project Detail Reports to agencies to assist in recording CWIP
- Questions related to these reports can be directed to Janelle McBreen:
 - JMcBreen@mt.gov
 - 444.3330



Takeaways

1. Resources:
 - SAB: [MOM Policy 335](#) – Capital Assets
 - [SABHRS Documentation](#) webpage: various user guides
2. Try it in [SABHRS System Test \(SY\)](#)
3. Contact SAB Help Desk: <https://montana.service-now.com>





Thank you!

[ServiceNow Training Video](#)

