

To be used by Exempt and Non-Exempt Institutions.

Use Fund 320* when 100% of the institution qualifies as a TABOR designated enterprise, use Fund 305* when the institution does not qualify for Enterprise status. However, if the institution is not an enterprise they must still use fund 320* for any enterprise specific activity.

CORE ACCOUNTING MODEL

Acquisition and Capitalization of Non-Constructed Assets

Used throughout the year to record the acquisition and capitalization of assets other than those acquired by construction. This presentation must be achieved by fiscal year-end.

Authoritative Source(s):

- The Higher Education Financial Advisory Committee (FAC)
- The Higher Education Policy Setting Group (HEP)
- GASB Statements No. 34 and 35
- AICPA College Audit Guide
- NACUBO Form Manual

Example 1												
Straight purchase - no trade in												
New Asset												
Purchase Price \$ 150,000												
Ln #	Description	General Information			Fund Accounting						Detail Accounting	
		Posting Code	Debit Amount	Credit Amount	Fund	Dept	BSA	Revenue	Object	Appr	Function	Reporting
To record an asset acquisition with no exchange of assets (no trade in) in the operating fund												
1	New Asset Purchased	A016	\$ 150,000		305* or 320*	G**A			6xxx/23xx	GC***NAP0	1100/1900	
2	Cash	A001		\$ 150,000	305* or 320*	G**A	1100					
To capitalize asset purchase in plant fund												
3	New Asset Purchased	A016	\$ 150,000		305* or 320*	G**A	18xx					
4	HE Capitalization Clearing	XD04		\$ 100,000	305* or 320*	G**A			6610	GC***NAP0	1900	
To eliminate asset purchase in operating fund and HE capitalization clearing expense code												
5	HE Capitalization Clearing	XD04	\$ 150,000		399*	G**A			6610	GC***NAP0	1900	
6	New Asset Purchased	A016		\$ 150,000	399*	G**A			6xxx/23xx	GC***NAP0	1100/1900	

Example 2

Similar Asset Exchange Purchase - gain situation

Old (trade in) asset

Original Cost	\$100,000
Accumulated Depreciation	\$70,000
Book Value	\$30,000
Trade in amount	\$35,000
Unearned gain ¹	\$5,000

New asset

Fair Market Value (purchase price)	\$150,000
Acquisition (book) cost ¹	\$145,000
Cash needed for purchase	\$115,000

¹ When similar assets are exchanged and a gain results, the acquisition cost of the new asset is adjusted for the gain. The gain is unearned because "the earning process has not been completed". The institution remains in the same economic position.

Ln #	Description	General Information			Fund Accounting						Detail Accounting	
		Posting Code	Debit Amount	Credit Amount	Fund	Dept	BSA	Revenue	Object	Appr	Function	Reporting
To record an asset acquisition to operating fund for amount equal to cash paid												
1	New Asset Purchased	A016	\$ 115,000		305* or 320*	G**A			6xxx/23xx	GC***NAP0	1100/1900	
2	Cash	A001		\$ 115,000	305* or 320*	G**A	1100					
To record an asset acquisition with no exchange of assets (no trade in) in the operating fund												
3	New Asset Purchased	A016	\$ 30,000		305* or 320*	G**A	18xx					
4	Accumulated Depreciation	F040	\$ 70,000		305* or 320*	G**A	18xx					
5	Old Asset (traded in)	A016		\$ 100,000	305* or 320*	G**A	18xx					
To capitalize asset purchase in plant fund												
6	New Asset Purchased	A016	\$ 115,000		305* or 320*	G**A	18xx					
7	HE Capitalization Clearing	XD04		\$ 115,000	305* or 320*	G**A			6610	GC***NAP0	1900	
To eliminate asset purchase in operating fund and HE capitalization clearing expense code												
8	HE Capitalization Clearing	XD04	\$ 115,000		399*	G**A			6610	GC***NAP0	1900	
9	New Asset Purchased	A016		\$ 115,000	399*	G**A			6xxx/23xx	GC***NAP0	1100/1900	

Example 3

Similar Asset Exchange Purchase - loss situation

Old (trade in) asset		New asset		
Original Cost	\$100,000	Fair Market Value (purchase price)		\$150,000
Accumulated Depreciation	\$70,000	Acquisition (book) cost ¹		\$150,000
Book Value	\$30,000	Cash needed for purchase		\$125,000
Trade in amount	\$25,000			
Loss on trade in ¹	(\$5,000)			

¹ When similar assets are exchanged and a loss results, the loss should be recognized immediately.

Ln #	Description	General Information			Fund Accounting						Detail Accounting	
		Posting Code	Debit Amount	Credit Amount	Fund	Dept	BSA	Revenue	Object	Appr	Function	Reporting
To record an asset acquisition to operating fund for amount equal to cash paid												
1	New Asset Purchased	A016	\$ 125,000		305* or 320*	G**A			6xxx/23xx	GC***NAP0	1100/1900	
2	Cash	A001		\$ 125,000	305* or 320*	G**A	1100					
To record an asset acquisition to plant fund when a loss results on the trade in, and to remove old (traded in) asset												
3	New Asset Purchased	A016	\$ 25,000		305* or 320*	G**A	18xx					
4	Accumulated Depreciation	F040	\$ 70,000		305* or 320*	G**A	18xx					
5	Gain/Loss on Disposal of Assets	XR02	\$ 5,000		305* or 320*	G**A		6500		GC***NAP0	1100/1900	
6	Old Asset (traded in)	A016		\$ 100,000	305* or 320*	G**A	18xx					
To capitalize asset purchase in plant fund												
7	New Asset Purchased	A016	\$ 125,000		305* or 320*	G**A	18xx					
8	HE Capitalization Clearing	XD04		\$ 125,000	305* or 320*	G**A			6610	GC***NAP0	1900	
To eliminate asset purchase in operating fund and HE capitalization clearing expense code												
9	HE Capitalization Clearing	XD04	\$ 125,000		399*	G**A			6610	GC***NAP0	1900	
10	New Asset Purchased	A016		\$ 125,000	399*	G**A			6xxx/23xx	GC***NAP0	1100/1900	

* Wildcard representing the unique fund for each governing board, indicated by adding the second digit of the Governing Board Department code to the Fund Number, for example, CU's department code is GFAA, the fund CU operates in is 320F.

** Wildcard in the Department Code representing the Governing Board and Institution. Example GFEA, Governing Board (F), Campus (E) for University of Colorado Denver.

*** Wildcard representing the three digit Funding Source Code for each Appropriation Unit.

NOTE 1: When dissimilar assets are exchanged, such as equipment for land, always recognize any gain or loss at acquisition.

NOTE 2: Accumulated depreciation taken off the books upon disposal needs to include current year depreciation expense.

NOTE 3: When boot (cash) is received in an exchange transaction, the amount of gain recognized is based on a percentage calculation.

See appropriate accounting guidance on how to account for exchange transactions when boot (cash) is received.