



NonExempt

COFRS ACCOUNTING MODEL

Asset Impairment with Insurance Recoveries

Used to record insurance recoveries on impaired assets. This model assumes the impairment is significant and meets the GASB 42 requirements. Insurance recoveries on impairments in the current year offset Impairment Loss. Insurance recoveries on impairments from prior years are recorded as revenue without offset. Assume restoration costs extend the asset life and are considered capitalizable.

Authoritative Source(s): The Higher Education Policy Setting Group (HEP)
 Fiscal Procedures Manual Chapter 9 sections 1 and 2, March 2007
 GASB Statement 42

Example: Record Impairment of Equipment and Insurance Recovery

COFRS JOURNAL ENTRY CODING						
Fund/Agency	APPR	Program	AcctType	BSA/RSC/OBJ	DR	CR

ACTIVITY=WRITE DOWN IMPAIRED ASSET

1	Plant Fund - Exempt NonAppropriated Additions to Plant and Facilities Revenue Gain/Loss on Impairment of Cap Asset	371/GXX	NAP	3200	31	6504 ¹	\$1,000 ²	
2	Plant Fund - Exempt Not used with Balance Sheet Accounts Asset Equipment	371/GXX	XXX	XXX	01	1840		\$1,000

ACTIVITY = RECORD EQUIPMENT RESTORATION COSTS

3	Appropriate Fund Appropriate Appropriation Code Appropriate Program Code Expense Other Cap Equipment - Dir Purchase	3XX/GXX	NAP/LBA	1100-1900	22	6280	\$2,000	
4	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180		\$2,000

Per Accounting Model R

ACTIVITY = CAPITALIZE EQUIPMENT RESTORATION COSTS

5	Plant Fund - Exempt Not used with Balance Sheet Accounts Asset Equipment	371/GXX	XXX	XXX	01	1840	\$2,000	
6	Plant Fund - Exempt NonAppropriated Additions to Plant and Facilities Expense HE Capitalization Clearing	371/GXX	NAP	3200	22	6610		\$2,000

ELIMINATED PURCHASE IN OPERATING FUND AND HE CAPITALIZATION EXPENSE CODE

7	Financial Presentation Fund - Exempt NonAppropriated Additions to Plant and Facilities Expense HE Capitalization Clearing	399/GXX	NAP	3200	22	6610	\$2,000	
8	Financial Presentation Fund - Exempt Appropriate Appropriation Code Appropriate Program Code Expense Other Cap Equipment - Dir Purchase	399/GXX	NAP/LBA	1100-1900	22	6280		\$2,000

ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE SAME FISCAL YEAR AS IMPAIRMENT

9	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180	\$1,200	
10	Appropriate Fund Appropriate Appropriation Code Appropriate Program Code Revenue Insurance Recovery - Current Year	3XX/GXX	NAP/LBA	1100-1900	31	5860 ¹		\$1,200

ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE FISCAL YEARS FOLLOWING THE IMPAIRMENT

11	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180	\$1,200	
12	Appropriate Fund Appropriate Appropriation Code Appropriate Program Code Revenue Insurance Recovery - Previous Yrs	3XX/GXX	NAP/LBA	1100-1900	31	5861		\$1,200

¹ Account 5860 and 6504 are reported in the same line on the financial statements.

² If the event is significant and meets the impairment tests defined in GASB 42, the accounting must comply with measurement methods defined in GASB 42. This includes the Restoration Approach, Service Units Approach, or the Deflated Depreciation Replacement Cost Approach.