

QX

Exempt

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	Auxiliary Self-Funded Enterprises - Exempt TABOR Exempt Enterprises Non E&G Revenue Gain/Loss on Impairment of Cap Asset	320/GXX	NAP	19XX	31	6504 ¹	\$1,000 ²	
2	Auxiliary Self-Funded Enterprises - Exempt Not used with Balance Sheet Accounts Asset Equipment	320/GXX	XXX	XXX	01	1840		\$1,000
ACTIVITY = RECORD EQUIPMENT RESTORATION COSTS								
3	Auxiliary Self-Funded Enterprises - Exempt TABOR Exempt Enterprises E&G or Non E&G Expense Other Cap Equipment - Dir Purchase	320/GXX	NAP	11XX/19XX	22	6280	\$2,000	
4	Auxiliary Self-Funded Enterprises - Exempt Not used with Balance Sheet Accounts Asset Cash	320/GXX	XXX	XXX	01	1100/1180		\$2,000
Per Accounting Model RX								
ACTIVITY = CAPITALIZE EQUIPMENT RESTORATION COSTS								
5	Auxiliary Self-Funded Enterprises - Exempt Not used with Balance Sheet Accounts Asset Equipment	320/GXX	XXX	XXX	01	1840	\$2,000	
6	Auxiliary Self-Funded Enterprises - Exempt TABOR Exempt Enterprises E&G or Non E&G Expense HE Capitalization Clearing	320/GXX	NAP	19XX	22	6610		\$2,000
ELIMINATED PURCHASE IN OPERATING FUND AND HE CAPITALIZATION EXPENSE CODE								
7	Financial Presentation Fund - Exempt TABOR Exempt Enterprises E&G or Non E&G Expense HE Capitalization Clearing	399/GXX	NAP	19XX	22	6610	\$2,000	
8	Financial Presentation Fund - Exempt TABOR Exempt Enterprises E&G or Non E&G Expense Other Cap Equipment - Dir Purchase	399/GXX	NAP	11XX/19XX	22	6280		\$2,000

ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE SAME FISCAL YEAR AS IMPAIRMENT								
9	Auxiliary Self-Funded Enterprises - Exempt Not used with Balance Sheet Accounts Asset Cash	320/GXX	XXX	XXX	01	1100/1180	\$1,200	
10	Auxiliary Self-Funded Enterprises - Exempt TABOR Exempt Enterprises E&G or Non E&G Revenue Insurance Recovery - Current Year	320/GXX	NAP	11XX/19XX	31	5860 ¹		\$1,200
ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE FISCAL YEARS FOLLOWING THE IMPAIRMENT								
11	Auxiliary Self-Funded Enterprises - Exempt Not used with Balance Sheet Accounts Asset Cash	320/GXX	XXX	XXX	01	1100/1180	\$1,200	
12	Auxiliary Self-Funded Enterprises - Exempt TABOR Exempt Enterprises E&G or Non E&G Revenue Insurance Recovery - Previous Yrs	320/GXX	NAP	11XX/19XX	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.