



NonExempt Institutions
(Less than 100% of the institution qualifies as a TABOR designated enterprise. May include Exempt activities.)

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
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ACTIVITY=WRITE DOWN IMPAIRED ASSET

1	Plant Fund - Exempt	371/GXX	NAP				
	Higher Ed NonTABOR Enterprise	305/GXX					
	Higher Education Activity						
	Additions to Plant and Facilities			3200			
	Non Education and General			1900			
	Revenue				31		
	Gain/Loss on Impairment of Cap Asset					6504 ¹	\$1,000 ²
2	Plant Fund - Exempt	371/GXX	XXX	XXX			
	Higher Ed NonTABOR Enterprise	305/GXX					
	Not used with Balance Sheet Accounts						
	Asset				01		
	Equipment					1840	\$1,000

ACTIVITY = RECORD EQUIPMENT RESTORATION COSTS

3	Appropriate Fund	3XX/GXX	NAP/LBA				
	Higher Ed NonTABOR Enterprise ³	305/GXX					
	Appropriate Appropriation Code						
	Higher Education Activity						
	E&G or NonE&G			1100/1900			
	Expense				22		
	Other Cap Equipment - Dir Purchase					6280	\$2,000
4	Appropriate Fund	3XX/GXX	XXX	XXX			
	Higher Ed NonTABOR Enterprise ³	305/GXX					
	Not used with Balance Sheet Accounts						
	Asset				01		
	Cash					1100	\$2,000

Per Accounting Model R

ACTIVITY = CAPITALIZE EQUIPMENT RESTORATION COSTS

5	Plant Fund - Exempt	371/GXX	XXX	XXX			
	Higher Ed NonTABOR Enterprise	305/GXX					
	Not used with Balance Sheet Accounts						
	Asset				01		
	Equipment					1840	\$2,000
6	Plant Fund - Exempt	371/GXX	NAP				
	Higher Ed NonTABOR Enterprise	305/GXX					
	Higher Education Activity						
	Additions to Plant and Facilities						
	Non Education and General						
	Expense				22		
	HE Capitalization Clearing					6610	\$2,000

ELIMINATED PURCHASE IN OPERATING FUND AND HE CAPITALIZATION EXPENSE CODE								
7	Financial Presentation Fund - Exempt	399/GXX						
	Higher Education Activity		NAP					
	Additions to Plant and Facilities			3200				
	Higher Education Activity			1900				
	Expense				22			
	HE Capitalization Clearing					6610	\$2,000	
8	Financial Presentation Fund - Exempt	399/GXX						
	Appropriate Appropriation Code		NAP/LBA					
	Higher Education Activity		NAP					
	E&G or NonE&G			1100/1900				
	Expense				22			
	Other Cap Equipment - Dir Purchase					6280		\$2,000
ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE SAME FISCAL YEAR AS IMPAIRMENT								
9	Appropriate Fund	3XX/GXX						
	Higher Ed NonTABOR Enterprise ³	305/GXX						
	Not used with Balance Sheet Accounts		XXX	XXX				
	Asset				01			
	Cash					1100	\$1,200	
10	Appropriate Fund	3XX/GXX						
	Higher Ed NonTABOR Enterprise ³	305/GXX						
	Appropriate Appropriation Code		NAP/LBA					
	Higher Education Activity		NAP					
	E&G or NonE&G			1100/1900				
	Revenue				31			
	Insurance Recovery - Current Year					5860 ¹		\$1,200
ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE FISCAL YEARS FOLLOWING THE IMPAIRMENT								
11	Appropriate Fund	3XX/GXX						
	Higher Ed NonTABOR Enterprise ³	305/GXX						
	Not used with Balance Sheet Accounts		XXX	XXX				
	Asset				01			
	Cash					1100	\$1,200	
12	Appropriate Fund	3XX/GXX						
	Higher Ed NonTABOR Enterprise ³	305/GXX						
	Appropriate Appropriation Code		NAP/LBA					
	Higher Education Activity		NAP					
	E&G or NonE&G			1100/1900				
	Revenue				31			
	Insurance Recovery - Previous Yrs					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.

³ May be fund 320 if expense is incurred in a TABOR Exempt Enterprise.