

SAM—STANDARD ENTRIES

ENTRY NO. 23 [CLAIM IS FILED FOR PAYMENT ON INSTALLMENT PURCHASE OR CAPITAL LEASE CONTRACT]

10523

(Revised 09/10)

Nature of Transaction:

Claim is filed for payment on installment purchase or capital lease (lease-purchase) contract.

Journal Entry for General Ledger Accounts:

Debit:

4210	Installment Contracts Payable	a/
4220	Lease-Purchase Contracts	a/
9000	Appropriation Expenditures	b/

Credit:

2920	Amount to be Provided for Other Long-Term Debt	a/
3020	Claims Filed	b/

a/ Amount of payment made on contract excluding any interest, maintenance or other operating costs.

b/ Total amount of claim.

Source:

Document:

Claim Schedule

Explanation:

At the time an installment purchase or capital lease (lease-purchase) contract is executed an asset is recorded in the Capital Asset Group of Accounts for the "principal" amount of the contract along with a long-term liability (see Standard Entry No. 22.). As claims are filed for contract payments, the total amount of the claim is charged to expenditures. However, the liability is reduced only for the amount of the payment applicable to the principal, excluding any interest, maintenance, or other operating costs.

Note:

This entry would normally be included in Entry No. 3. It is shown here separately for clarity.