

SAM—STANDARD ENTRIES

ENTRY NO. 18 - [EXPENDITURES ARE REPORTED BY A CONSTRUCTION AGENCY] (Revised 10/2015)

10518

This entry is made to record the expenditures reported by a construction agency against the prepayments.

Information:

Reports of expenditures made during the fiscal year from prepayments to construction agencies, not yet completed, are received from the Department of Transportation or Department of Water Resources.

When construction agencies report to client departments the expenditures made from prepayments, the prepayment account and the contra reserve account are reduced by the amount of such expenditures, thereby reducing the prepayment account to the amount still unexpended by the construction agency.

If the expenditures are for a project that will be capitalized in the property records, the expenditure amount on uncompleted projects will be debited to GL 2350 and credited to GL 5200. No entry to the expenditure accounts is required since the total amount advanced is accounted as an expenditure.

Source Document:

Reports of expenditures by construction agencies

Journal Entry to reduce prepayment account:

Debit:

5330 Reserve for Prepaid Items a/

Credit:

1730 Prepayments to Other Funds or Appropriation a/

a/ amount of expenditures made during the period of the report, both for projects that will be capitalized upon completion and other work that will not be capitalized.

Journal Entry to record capitalized property:

Debit:

2350 Construction Work in Progress b/

Credit:

5200 Investment in Capital Assets b/

b/ amount of expenditures on projects that will be capitalized in the property accounts when completed.

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SAM—STANDARD ENTRIES

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ENTRY NO. 18.A - [AN INTERNALLY GENERATED CAPITAL ASSET IN PROGRESS]

10518 (Cont.1)

(Revised 08/2015)

Information:

An internally generated tangible or intangible asset meets the criteria for capitalization and the development costs associated with the asset are recorded as in progress in GL 2350 or 2430. It is recommended this journal entry be recorded at least quarterly. See SAM section [8600](#), Purpose and Objective of Property Accounting.

Journal Entry for work in progress:

Debit:

2350 Construction Work in Progress

2430 Internally Generated Intangible Assets in Progress

Credit:

5200 Investment in Capital Assets