

Appendix G: Example of Equipment Journal Entries

In this example this service center is purchasing a Cytometer for \$40,000. This purchase will be initially funded from the department's DRIF funds (00125-10000001-125-10408100-157). The service center chartstring is 00135-19999999-135-10408100-353. Therefore, the companion equipment reserve chartstring is 00135-19999999-139-10408100-353. Cytometers have an 8 year useful life. Therefore annual depreciation will be \$5,000 (\$40,000/8years).

CASE 1 - Assume that the purchase is made by the service center.

- Purchase the equipment

00135-19999999-139-10408100-353-4344 (Reserve)	50,000	
Cash		50,000

- Fund the purchase of the equipment

00125-10000001-125-10408100-157-0999 (Funding)	50,000	
00135-19999999-139-10408100-353-0999 (Reserve)		50,000

- Annual Depreciation Entry (Note: Actual depreciation will be recorded quarterly by Cost Analysis)

00135-19999999-135-10408100-353-5506 (Service Center)	5,000	
00135-19999999-139-10408100-353-5506 (Reserve)		5,000

Notice that this entry will cause a \$5,000 surplus in the equipment reserve chartstring. This may be left in the equipment reserve fund to fund future purchases or future operating deficits or it may be returned to the original funding source. If the department wishes to pay back the funding source the department must make the following journal entry:

- Return funding (optional)

00135-19999999-139-10408100-353-0999 (Reserve)	5,000	
00125-10000001-125-10408100-157-0999 (Funding)		5,000

Reserve					Service Center					Funding				
		-	+			-	+			-	+			
(1)	4344	50,000	50,000	0999	(2)	(3)	5506	5,000		(2)	0999	50,000		
			5,000	5506	(3)									
(4)	0999	5,000										5,000	0999 (4)	

CASE 2 – Assume that the purchase was made by a nonsponsored source (00115-10000100-115-10408100-101) and identified for use in the service center with in the first fiscal year.

1. Purchase the equipment

00115-10000100-115-10408100-101-4344 (Nonsponsored)	50,000	
Cash		50,000

2. Transfer the purchase to the reserve account.

00135-19999999-139-10408100-353-4344 (Reserve)	50,000	
00115-10000100-115-10408100-101-4344 (Nonsponsored)		50,000

- 3-5. Same entries as entries 2-4 from Case 1.

CASE 3 – Assume an instrumentation grant (00184-10000299-182-10408100-151)- was received to fund 50% of the equipment. The remainder is paid from the service center.

1. Purchase the equipment

00184-10000299-182-10408100-151-4344 (Instrumentation)	25,000	
00135-19999999-139-10408100-353-4344 (Reserve)	25,000	
Cash		50,000

2. Fund the purchase of the equipment from DRIF chartstring

00125-10000001-125-10408100-157-0999 (Funding)	25,000	
00135-19999999-139-10408100-353-0999 (Reserve)		25,000

3. Annual Depreciation Entry (Based only on non-instrumentation grant portion of purchase) (Note: Actual depreciation will be recorded quarterly by Cost Analysis)

00135-19999999-135-10408100-353-5506 (Service Center)	2,500	
00135-19999999-139-10408100-353-5506 (Reserve)		2,500

4. Return funding (optional)

00135-19999999-139-10408100-353-0999 (Reserve)	2,500	
00125-10000001-125-10408100-157-0999 (Funding)		2,500

CASE 4 – Assume the purchase was made on a research grant (00184-10000599-182-10408100-151) and this research grant no longer needs this piece of equipment.

1. Purchase the equipment

00184-10000599-182-10408100-151-4344 (Research Grant)	50,000
Cash	
50,000	

No further entries are needed.

CASE 5 – Assume the purchase was made on a capital project (00410-00770103-410-06203000-601).

1. Purchase the equipment

00410-00770103-410-06203000-601-4344 (Capital Project)	50,000
Cash	50,000

- 2-3. Same as entries 3-4 from Case 1. No funding entry is needed.

CASE 6 – Assume the purchase was made through the Revolving Equipment Loan Program. The loan is for 5 years with an interest rate of 3%. An amortization schedule would calculate semiannual payments of approximately \$5,422.

1. Record Loan Payment (every six months for 5 years)

00135-19999999-135-10408100-353-4935 (Service Center)	5,422
Cash	
5,422	

No other entries are necessary.

CASE 7 – Assume the purchase was originally made 2 years ago on a nonsponsored chartstring (00115-10000100-115-10408100-101). This equipment will now be used 100% for the service center.

1. Purchase the equipment (2 years ago)

00115-10000100-115-10408100-101-4344 (Nonsponsored)	50,000
Cash	50,000

- 2-3. Same as entries 3-4 from Case 1. No funding entry is needed.