



## Sample Capital Project #2

### Purchase of a Highway Truck (Town)

The Town Board (Board) passed a resolution to authorize the purchase of a new highway truck. After receiving bids, the Board selected a dealer offering to sell the required truck for \$225,000. The Board decided to use \$25,000 from a legally established equipment reserve and passed a resolution authorizing an amendment to the budget for the appropriation of the reserve. The remaining \$200,000 will be financed from a statutory installment bond, authorized by the Board. Because debt is being issued, the use of the capital projects fund is required.

1. The entry to establish the budget in the capital projects fund.

Account	Subsidiary Account	Debit	Credit
H510 Estimated Revenues		\$225,000	
H5720 Statutory Installment Bonds	\$200,000		
H5031 Interfund Transfers	\$25,000		
H960 Appropriations			\$225,000
H5130.2 Machinery	\$225,000		

2. To record the amount paid to the capital projects fund from the highway town-wide fund (DA fund).  
At year-end, the DA9950.9 Transfer to Capital Projects Fund will be closed to Fund Balance, Capital Reserve (DA878).

Account	Subsidiary Account	Debit	Credit
DA522 Expenditures		\$25,000	
DA9950.9 Transfer, Capital Projects Fund	\$25,000		
DA230 Cash, Special Reserves			\$25,000

Note: Prior to this transfer, the Board would need to add DA511 Appropriated Reserves as a funding source for the transfer by amending the current budget.

3. To record the transfer into the capital projects fund from the operating fund.

Account	Subsidiary Account	Debit	Credit
H200 Cash		\$25,000	
H980 Revenues			\$25,000
H5031 Interfund Transfer	\$25,000		

4. To record the issuance of a statutory installment bond as permanent financing for the highway truck purchase.

Account	Subsidiary Account	Debit	Credit
H200 Cash		\$200,000	
H980 Revenues			\$200,000
H5720 Statutory Installment Bonds	\$200,000		

4a. Collateral entry to record the bonds in the Schedule of Non-Current Governmental Liabilities.

Account	Debit	Credit
W129 Total Non-Current Governmental Liabilities	\$200,000	
W628 Bonds Payable		\$200,000

5. To record the payment for the highway truck.

Account	Subsidiary Account	Debit	Credit
H522 Expenditures		\$225,000	
H5130.2 Machinery	\$225,000		
H200 Cash			\$225,000

5a. Collateral entry to record the cost of the highway truck in the Schedule of Non-Current Governmental Assets.

Account	Debit	Credit
K104 Machinery and Equipment	\$225,000	
K159 Total Non-Current Governmental Assets		\$225,000

To close out the project at year-end, the following entries should be made:

6. To close project revenues at year-end.

Account	Subsidiary Account	Debit	Credit
H980 Revenues		\$225,000	
H5720 Statutory Installment Bonds	\$200,000		
H5031 Interfund Transfers	\$25,000		
H912 Unrestricted Fund Balance			\$225,000

7. To close project expenditures at year-end.

Account	Subsidiary Account	Debit	Credit
H912 Unrestricted Fund Balance		\$225,000	
H522 Expenditures			\$225,000
H5130.2 Machinery	\$225,000		

When the Board declares the project complete and authorizes the project to be closed by means of a Board resolution, the following entry should be made:

8. To close the capital project budget at the project's conclusion.

Account	Subsidiary Account	Debit	Credit
H960 Appropriations		\$225,000	
H5130.2 Machinery	\$225,000		
H510 Estimated Revenues			\$225,000
H5720 Statutory Installment Bonds	\$200,000		
H5031 Interfund Transfer	\$25,000		

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## Contact

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