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FAS USER MANUAL

CAPITAL ASSETS: ACCOUNTING FOR MONETARY ACQUISITIONS

INTRODUCTION

It is important to understand the accounting impact of the purchasing process, especially with regards to current year purchases and prior year purchases. The following sections will define current and prior year purchases, and the transaction codes to use.

CURRENT YEAR PURCHASE

STARS TRANSACTION CODES

The expenditure alone will not book the asset in the STARS Capital Asset general ledger. Normally, capital assets must process through FAS, which generates transactions to update the capital asset general ledger in STARS.

Most asset purchases are recorded with the following STARS transaction codes:

<u>Transaction Code</u>	<u>Title</u>
230	EXPENDITURE NOT ENCUMBERED
236	EXPENDITURE PREVIOUSLY ENCUMBERED
240	PAYMENT OF INTERAGY BILL NOT PREV ENC (DUE TO)
241	PAYMENT OF INTERAGY BILL PREV ENC (DUE TO)

CAPITALIZING 5000 AND 6000 SUBOBJECTS

Assets can be purchased using capital outlay or operating subobjects. A transaction using STARS TC 230 or 236 along with *most* 6000 series capital outlay subobjects will require a Property and Component number to be entered.

However, transactions using STARS TC 230/236 along with a 5000 series operating subobject, or *some* 6000 capital outlay subobjects, will *not* require a Property and Component number. If a Capitalization Indicator (CI) is entered on the STARS transaction, a Property and Component number is required.

FAS looks at either the STARS transaction code and the subobject code, or the capitalization indicator to determine the FAS transactions code. The Capitalization Indicator of F overrides the transaction code and subobject lookups in STARS and defaults the FAS transaction code to TC A04.

The Capitalization Indicator in STARS allows for the option of reporting and tracking assets purchased from operating expenditures in FAS. Once these transactions are extracted to the Hold File, they may have to be changed on the FAS Data Entry Screen S033 to reflect the proper transaction code and asset class.

FAS FUNDING SOURCES

When recording the purchase in STARS, and a Property and Component number is required, and the asset information is extracted to the FAS Hold File with a transaction code A01-A04 or A06, depending on the asset class. For example, a FAS TC A04 would reflect the acquisition of machinery and equipment, an asset class 4.

The FAS Transaction Codes will maintain the original expenditure funding sources that were entered in STARS on the FAS Funding Source Screen and on the Optional Funding Source Screen. The table below shows which funding source elements are supported on each funding source screen.

Funding Source Elements	Funding Source Screen
FUND / DT BUDGET UNIT (Fund Detail is supported for Proprietary Funds only on FAS generated transactions.)	FAS FUNDING SOURCE SCREEN (F7)
PCA INDEX GRANT/PH PROJECT/PH	FAS OPTIONAL FUNDING SOURCE SCREEN (F8)

Assets can be purchased from Governmental Funds, Proprietary Funds, or a combination of both. Depending on the fund type, FAS will generate either a STARS governmental fund transaction code or a proprietary fund transaction code to record the asset in the appropriate STARS general ledgers.

Multiple-funded assets will be reported on a percent of the total asset cost. For example, an asset costing \$9,000 has the following allocations reported to STARS:

<u>FUND</u>	<u>DT</u>	<u>BUDGET UNIT</u>	<u>AMOUNT</u>	<u>PERCENTAGE (Rounded to the nearest percent)</u>
0001		ABCD	3,000	33%
0348		AAAA	4,000	45%
0450	24	CCCC	2,000	22%
			\$9,000	100%

All transaction activity to STARS will be allocated based on the funding source percentage.

FAS GENERATED TO STARS ACCOUNTING TRANSACTIONS

FAS generates transactions to STARS for statewide capitalized assets only. Statewide capitalized assets have a capitalization indicator (CI) of S on the Property File.

The following table illustrates the transaction crosswalk from FAS to STARS for statewide capitalized assets. FAS Control Report DAFR4581 and DAFR4582 report this detail.

<u>FAS</u>					<u>STARS General Ledger & Operating File</u>				
TC		FUND	DT	CI	TC	FUND	DT	GL-DR	GL-CR
S33	S35								
A01	AP1	Governmental	Detail	S	8GD	0700		1701	4600
A02	AP2	Governmental	Detail	S	8GD	0700		1710	4600
A04	AP4	Governmental	Detail	S	8GD	0700		1740	4600
A01	AP1	Proprietary	Detail	S	8FD	Proprietary	Detail	1701	4600
A02	AP2	Proprietary	Detail	S	8FD	Proprietary	Detail	1710	4600
A03	AP3	Proprietary	Detail	S	8FD	Proprietary	Detail	1730	4600
A04	AP4	Proprietary	Detail	S	8FD	Proprietary	Detail	1740	4600

The FAS-generated STARS transaction code for Governmental Funds is 8GD DEBIT ASSET & CREDIT GAAP EXPENSE -0700. The 8GD transaction will generate a transaction that will update fund 0700 in STARS. These transactions will *not* post to the fund detail.

The FAS-generated STARS transaction code for Proprietary Funds is 8FD DEBIT ASSET & CREDIT GAAP EXPENSE. The 8FD will generate a transaction that will update to the applicable expending proprietary fund in STARS. These transactions will post to the fund detail.

NON-STATEWIDE CAPITALIZED ASSETS

Assets with a capitalization indicator (CI) of A (agency) or I (inventory) are classified as non-statewide capitalized assets. No accounting transactions will be sent to STARS.

REPAIRS AND IMPROVEMENTS

Repairs and improvements made to an asset in the current year are considered to be monetary and follow the same data entry process as a current year acquisition. Repairs and improvement costs should be capitalized if they are \$5,000 or more, and extends the useful life or increases the service capacity or efficiency of the asset. Routine repairs and maintenance that help an asset maintain the original useful life are expensed regardless of cost. Refer to the [FPAC Capital Assets Policy](#) and the [GAAP Closing Package](#) for more information.

Use incremental Component numbers with the asset's original Property number. This will help track improvements on reports or online inquiries by Property number.

It may be necessary to increase the original asset's useful life if it is anticipated that the improvement will extend the useful life of the original asset. If the original asset is at the maximum of the range and accordingly cannot be changed, record the improvement at its anticipated useful life.

PRIOR YEAR PURCHASE PROCESS

It may be necessary to book a prior year purchase or a prior year correction directly into FAS for several reasons. For example, the original amount may need to be adjusted to reflect an adjustment in STARS, or the record was posted with incorrect information. These assets must have a prior year in-service date to qualify for an adjustment. Another common reason is when an agency discovers that an asset has not been entered in FAS. Prior year corrections should also be made after an asset has been disposed.

These transactions are entered directly into FAS Data Entry Screen 35 using FAS transaction codes AT1 - AT4 or AT6. If the same Property number is used to re-enter the asset, the Component number must be changed.

A current date must be entered in the ADT DATE field and the date the asset was placed in service should be entered in the INSERV DATE field. The correct ADT AMT should be entered to reflect the original purchase price plus any adjustments or corrections.

Enter the expenditure funding information on the FAS funding source screens. FAS will retain the identity of the funding sources on the FAS Funding Source Screen, and the FAS Optional Funding Source Screen, if any data is entered on this screen. Optional funding source information, e.g., PCA, index, etc., is not required on these transactions.

FAS-GENERATED-TO-STARS ACCOUNTING TRANSACTIONS

For Acquisitions – Prior Year Adjustments (*for statewide capitalized assets only*)

Note: FAS Control Report DAFR4581 and DAFR4582 support this detail.

FAS				STARS General Ledger & Operating File				
TC / S35	FUND	DT	CI	TC	FUND	DT	GL-DR	GL-CR
AT1	Governmental	Detail	S	8GA	0700		1701	3002
AT2	Governmental	Detail	S	8GA	0700		1710	3002
AT3	Governmental	Detail	S	8GA	0700		1730	3002
AT4	Governmental	Detail	S	8GA	0700		1750	3002
AT1	Proprietary	Detail	S	8FA	Proprietary	Detail	1701	3002
AT2	Proprietary	Detail	S	8FA	Proprietary	Detail	1710	3002
AT3	Proprietary	Detail	S	8FA	Proprietary	Detail	1730	3002
AT4	Proprietary	Detail	S	8FA	Proprietary	Detail	1750	3002

The FAS-generated STARS transaction code for Governmental Funds is 8GA DEBIT ASSET & CREDIT INVESTED IN ASSETS – 0700. The 8GA transaction will generate a transaction that will update fund 0700 in STARS. These transactions will not post to the fund detail.

The FAS-generated STARS transaction code for Proprietary Funds is 8FA DEBIT ASSET & CREDIT INVESTMENT IN CAPITAL ASSET. The 8FA will generate a transaction that will update to the applicable expending proprietary fund in STARS. These transactions will post to the Fund Detail.

FISCAL YEAR END CROSSOVER: PURCHASED IN JUNE - POSTED IN JULY

Purchases entered in STARS in one fiscal year but entered in FAS the next fiscal year will have a “fiscal year crossover accounting impact”. This happens when the Hold File is not cleaned out at the end of the fiscal year.

FAS closes July 1st and remains closed for approximately two weeks to capture proper accounting for the CAFR. Agencies making capital purchases the last day of the fiscal

year are denied access to process their FAS Hold File records until the next fiscal year. These transactions will impact the CAFR (Comprehensive Annual Financial Report), so closing packages and adjustments may be needed.

Therefore, agencies are encouraged to process capital asset purchases by June 25. In April, the Bureau of Accounting Operations will remind agencies of processing deadlines in a FYE schedule.

STARS purchases in fiscal year one (e.g., FY09) extract to the FAS Hold File with transaction codes A01-A04 or A06. Use the following procedures for any “fiscal year one” transaction in the Hold File when FAS reopens in mid-July:

1. Determine if the asset needs to be added to FAS. If it does not need to be added to FAS, delete the record from the Hold File.
2. For ease of re-entry, SCO recommends printing a hard copy of the FAS S033 screen, the Multiple Funding Source screen, and possibly the Optional Funding Source screen.
3. Re-enter the asset (if necessary) using the FAS Direct Data Entry S035 screen.
 - a. Use the appropriate FAS TC AT1-AT4 or AT6.
 - b. Use a July ADT Date.
 - c. Use the date the asset was placed in service in the prior year as the in-service date.
 - d. Enter all other necessary information for the selected FAS TC.
 - e. Have the AT1-AT4 transaction released by SCO.

TRANSACTION CODES AND T-ACCOUNT EXAMPLES

The transaction codes that are required in order to post a prior year purchase directly into FAS are as follows:

1. FAS TC AT1-AT4 or AT6 – Enter transactions in FAS Data Entry Screen 35. These transactions will update the Property File and generate STARS TC for capitalized assets.
2. STARS TC 8GA – To update governmental fund 0700 that will debit asset and credit invested in capital assets.
3. STARS TC 8FA – To update the expending proprietary fund that will debit asset and credit invested in capital assets.

The following T-account examples will illustrate the posting of these transactions. Assume that the agency discovers that a \$20,000 computer server is not posted to the Property File. The server is a capitalized asset purchased with \$15,000 from fund 0450-05 (proprietary), and \$5,000 from fund 0001 (governmental).

FAS PROPERTY FILE		
1. TC AT4	Post to the Property File original amount \$20,000	
	Post to the Property File funding sources:	
	Fund 0001	\$5,000
	Fund 0450 05	\$15,000
FAS generates TCs by fund type to update to STARS in an 'F' batch. All governmental fund transactions will post to STARS governmental fund 0700.		

STARS GENERAL LEDGER					
FUND 0700 – GOVERNMENTAL FUND GROUP					
Asset – GL by asset class (1750 Mach. & Equip.)			Invested in Capital Assets – GL 3002		
2.	TC	\$5,000		2	TC \$5,000
	8GA				8GA
FUND 0450 05 - PROPRIETARY					
Asset – GL by asset class (1750 Mach. & Equip.)			Invested in Capital Assets – GL 3002		
3.	TC	\$15,000		3.	TC \$15,000
	8FA				8FA

At year-end closing the Asset and the Invested in Capital Assets will reflect a prior year activity booked in the current year, so the impact for GRS financial reporting will be:

Record a Prior Year Purchase:

Asset
Invested in Capital Assets

CAPITAL LEASES

Capital leases are those that are, in substance, a purchase. However, in FAS, the assets are valued at cost and should not be depreciated using FAS automated depreciation. Capital leases are recorded in FAS as inventory regardless of cost. Capital leases recorded in FAS must have an OWNERSHIP code 'L'.

Capital lease information for CAFR reporting is captured in annual closing packages submitted by agencies. [Click here for information on capital leases and the related Closing Package](#) and review the [FPAC policy for capital leases](#).

[Click here for a more information on statewide reportable assets](#), or refer to the FPAC policies on the SCO website.

CONSTRUCTION IN PROGRESS (CIP)

DEPARTMENT OF PUBLIC WORKS

Agencies should not record construction in progress as a completed capital asset until the agency has received a Project Completion Statement that indicates the asset should be recorded in FAS. Even though an agency may be occupying the constructed building, the construction project is carried as an asset of the Department of Administration until the Project Completion Statement is sent to the agency. Not all Project Completion Statements are for capital assets. The Statement will indicate which projects should be recorded in FAS.

An exception to this policy is for joint Department of Public Works and college and university *construction in progress* projects. For these types of joint construction projects, the colleges and universities will report to SCO and the Department of Administration through annual closing packages the amount that they are reporting for *construction in progress* in their financial statements to insure proper reporting in the CAFR.

AGENCY

Agencies do not have authority to enter WIP/CIP in FAS. Transactions initiated in STARS meeting the criteria to generate WIP transaction codes to FAS will still process to the Hold File. The transactions will be in error status in the Hold File because end-dates are on FAS construction-in progress transaction codes W01, W02, W03, and W04. The agency will have to contact the [DSAHelpline](#) for assistance.

Transactions W02 and W03 cannot be directly entered into FAS. Contact the SCO [DSAHelpline](#) for assistance.