

CHAPTER 4. ACCOUNTING FOR PHA'S EXPENDITURES FOR PROPERTY

15. GENERAL. Normally, the property assets of a Housing Assistance Payments project will consist of nonexpendable equipment purchased with project receipts. Nonexpendable equipment is defined as items of equipment having a useful life of more than one year, the cost of which is treated as a capital expenditure, and shall include such items as office furniture and equipment, motor vehicles, etc.
16. CAPITALIZATION OF PROPERTY. All nonexpendable equipment shall be treated as capitalized property and shall be controlled through General Ledger Account 1400.4, Property Assets. An equipment record shall be maintained for each piece of nonexpendable equipment purchased which shall show as a minimum description of the property, date of purchase, the cost of the property, the project number to which the cost was charged and from whom the property was purchased. Equipment records shall be current at all times.
17. RECORDING ACQUISITIONS AND DISPOSITIONS OF PROPERTY. The 7500 group of memorandum accounts are provided for recording expenditures from project receipts for capitalized property and to segregate such expenditures from PHA's expenditures in administering the HAP program. These memorandum accounts are also to be used for recording the proceeds from the disposition of capitalized property which is not to be replaced. As a minimum, these accounts must be maintained in such a way that the net total of the debits and credits can be determined for each HAP project.
- a. Recording Purchase of Nonexpendable Equipment. The following illustrates the entries to record the purchase of a new typewriter costing \$800.

Debit: Account 1400.4, Property Assets      \$800

Credit: Account 1111.1, Cash - General Fund      \$800

(To record purchase of a new typewriter)

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Debit: Account 7540, Property Betterments and Additions \$800

Credit: Account 7590, Operating Expenditures for Property - Contra \$800

(To record Account 7540 the expenditure for property additions)

- b. Recording Disposition of Nonexpendable Equipment and Routine Replacement. The following illustrates the entries to record the disposition of a typewriter costing \$200 which is traded in on a new typewriter costing \$600. A trade-in allowance of \$75 is received on the old typewriter.

Debit: Account 1400.4, Property Assets \$600

(For acquisition cost of new typewriter)

Debit: Account 6120, Gain or loss from Disposition of Nonexpendable Equipment \$125

(For the difference between the cost of the old typewriter and the trade-in allowance received)

Credit: Account 1400.4, Property Assets \$200

(For acquisition cost of old typewriter)

Credit: Account 1111.1, Cash General Fund \$525

(For net amount of payment)

Debit: Account 7520, Replacement of Nonexpendable Equipment \$525

Credit: Account 7590, Operating Expenditures for Property - Contra \$525

(To record net cash expenditure in Account 7520 as an operating expenditure)

- c. Disposition of Nonexpendable Equipment not to be Replaced. The following illustrates the entries to record the disposition of a typewriter costing \$250 which is sold for \$50 and is not to

be replaced.

Debit:	Account 1111.1, Cash-General Fund	\$ 50
Debit:	Account 6120, Gain or Loss From Disposition of Nonexpendable Equipment	\$200
Credit:	Account 1400.4, Property Assets	\$250
	(To record sale of typewriter)	
Debit:	Account 7590, Operating Expenditures for Property - Contra	\$ 50
Credit:	Account 7530, Receipts from Nonexpendable Equipment not Replaced	\$ 50
	(To credit Account 7530, for the amount of proceeds from the sale when determined that the equipment will not be replaced)	

18. DONATED ASSETS. Any nonexpendable equipment or other fixed assets which are purchased from funds other than project receipts as well as property given for use in the administration of the PHA's HAP program shall be considered donated assets and shall be recorded by debiting Account 1400.4, Property Assets, and crediting Account 2850, Cumulative Donations. Disposition of donated assets shall be in accordance with paragraph 17. The following illustrates the entries to record the purchase of a typewriter costing \$600 using funds other than project receipts or the donation of the typewriter for use in the administration of the project.

Debit:	1400.4, Property Assets	\$600
Credit:	2850, Cumulative Donations (To record donation of typewriter)	\$600

19-20. RESERVED.