



STATE OF ALABAMA
DEPARTMENT OF FINANCE
OFFICE OF THE STATE COMPTROLLER

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October 3, 2005

MEMORANDUM

To: Chief Fiscal Officers

From: Robert L. Childree
State Comptroller

Subject: Insurance Proceeds

Governmental Accounting Standards Board Statement 42, which addresses insurance proceeds, is effective for fiscal year 2006. GASB 42 requires that the restoration or replacement of the asset must be reported separately from the insurance proceeds. Therefore, insurance proceeds should be deposited to revenue source 0680 and the cost of restoring or replacing the asset should be recorded in the appropriate object code, usually in objects 1200, 1300, or 1400. The section of the appropriation acts that usually appropriates gifts, grants, and contributions now appropriates insurance proceeds (see Section 9 for the ETF, Section 11 of General Fund). After receipt of insurance proceeds, you should contact the Executive Budget Office to increase your appropriation limit in the Central Accounting System by the amount of the proceeds in order that you may spend the proceeds to restore or replace the damaged equipment or property.

RLC/mgh