

RESOLUTION NO. 1015

WHEREAS, the Board of County Commissioners of Atchison County, Kansas, in Resolution No. 1015 directed the Atchison County Clerk's Office to develop a procedural system for fixed asset accounting.

NOW THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Atchison County, Kansas, sitting in Special Session on this 26th day of September, 1983, that the attached procedures for fixed asset accounting entitled "Atchison County Fixed Asset System" is hereby approved.

BOARD OF COUNTY COMMISSIONERS  
ATCHISON COUNTY, KANSAS

  
\_\_\_\_\_  
Al Pickman, Chairman

  
\_\_\_\_\_  
Tom Lykins, Member

  
\_\_\_\_\_  
Bill Putthoff, Member

ATTEST:

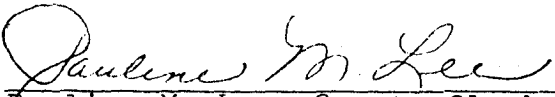
  
\_\_\_\_\_  
Pauline M. Lee, County Clerk

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ATCHISON COUNTY FIXED ASSET SYSTEM

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ATCHISON COUNTY INVENTORY & FIXED ASSET SYSTEM

FIXED ASSET TYPE CODES

<u>NUMBER</u>		<u>LIFE</u>
8830B	LAND	INDEFINITE
8840A	IMPROVEMENTS OTHER THAN BLDGS.	20
8010A	BUILDINGS	20
8010B	MAJOR BUILDING REMODELING	20
8020A	AUTOMOBILES & LIGHT TRUCKS	5
8020B	HEAVY EQUIPMENT	10
8020C	OFFICE FURNITURE	10
8020D	BUILDING EQUIPMENT PURCHASES	10
8020E	DATA PROCESSING EQUIPMENT	5
8020G	SHOP EQUIPMENT & TOOLS	5
8020H	LAW ENFORCEMENT EQUIPMENT (WEAPONS)	7
8020J	MEDICAL EQUIPMENT	7
8020K	RECREATION EQUIPMENT	5
8020M	JAIL EQUIPMENT	7
8021C	OFFICE EQUIPMENT	5

FOR FINANCIAL STATEMENT PURPOSES

(1) LAND

(2) BUILDINGS & IMPROVEMENTS (INCLUDES BUILDING EQUIPMENT PURCHASES & MAJOR BUILDING REMODELING)

(3) MOTOR VEHICLES

(4) EQUIPMENT (INCLUDES HEAVY, SHOP, LAW ENFORCEMENT, MEDICAL, RECREATION, JAIL, ETC)

(5) OFFICE EQUIPMENT & FURNITURE (INCLUDES ELECTRONIC EQUIPMENT)

A. Objectives of the System

1. Safeguard the investment in fixed assets by (a) identifying fixing responsibility for their custody, and (b) establishing a capitalization policy whereby dollar values assigned to fixed assets are permanently recorded.
2. Avoid duplication and inefficient use of fixed assets.
3. Comply with State laws and regulations concerning municipal accounting, auditing, and reporting requirements, and thereby provide information for the preparation of financial statements in accordance with generally accepted accounting principles.

B. Definitions and Policies

The following definitions are included in the system to provide guidance in determining whether a particular transaction should enter the system:

Land  
Buildings & Improvements  
Motor Vehicles  
Equipment  
Office Equipment & Furniture

1. Fixed Assets are tangible property of significant value at acquisition with a useful life of more than one year. Fixed assets fall into two main categories:
  - a) "General fixed assets" - assets which are not related to a specific service from which revenue is obtained. These are recorded in the balance sheet of the "General Fixed Asset Group of Accounts".
  - b) "Enterprise-type fixed assets" - (Atchison County Nursing Home) assets directly related to a revenue producing activity conducted by an enterprise (utility) or intergovernmental service. For financial statement purposes, these assets and related depreciation are recorded in the balance sheets of these funds.

All expenditures for fixed assets shall be charged against the appropriation of the fund through which acquired.

2. Land includes all real estate owned by the municipality exclusive of the improvements.
3. Buildings and improvements includes all permanent walled/roofed structures and any permanent improvements to land which cannot be classed as buildings. Exceptions are streets, roads, bridges, & street lighting systems, which will not be capitalized as these assets are immovable and are of value only to the municipality.
4. Motor vehicles includes any self-propelled, licensable, over-the-road vehicle.
5. A) Equipment includes movable personal property with the following characteristics:

- 1) It retains its original shape and appearance with use.
- 2) It is nonexpendable: that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
- 3) It represents an investment of money which makes it feasible and advisable to capitalize the item.
- 4) It does not lose its identity through incorporation into a different or more complex unit or substance.
- 5) It is not permanently built into the building.

B) Equipment items may be accounted for by either of the following methods:

- 1) Unit equipment items. All pieces of equipment which have their own serial numbers must be accounted for individually.
- 2) Group equipment items. Certain items, because of their large quantity and relatively small individual value will be grouped together. Items to be accounted for as a group may refer only to a single categorical description. They are accounted for as group items, each being a part of the property item recorded as a total group value. Some equipment items come as sets and should be accounted for as such. Examples are: socket wrenches, micrometer sets, etc.
- 3) A piece of equipment which may be bought or sold separately shall be recorded as such. Example: A refuse packer/truck shall be recorded as 2 separate items.

## 6. Capitalization Policy

In determining whether fixed assets as defined above should be capitalized, the following items should be considered:

- a) The cost, estimated cost or market value (where acquired by gift), of the fixed asset must be of significant value. Significant value for fixed assets is established at \$200.00.
- b) Practical considerations suggest that books will not be capitalized on fixed assets, but that books will be addressed on the inventory.

## 7. Depreciation Policy

Generally accepted accounting principles require that depreciation be computed only on depreciable assets of enterprise funds.

The depreciation policy is as follows:

- a) General fixed assets will not be depreciated.
- b) All fixed assets, as defined, shall be inventoried regardless of whether or not they will be capitalized.
- c) Straight-line depreciation shall be used.
- d) Depreciation shall commence the month the asset is put into service.

Regardless of whether or not all assets are depreciated, all initially inventoried assets should be assigned an estimated useful life for purposes of the of the capitalization test.

A table of representative useful lives is listed on Page 1. It contains examples of asset types and their estimated useful lives.

### C. Valuation of Initial Inventory

Inventoried fixed assets which, according to the established policy, are to be capitalized and assigned a dollar value in accordance with one of the following:

- a. Actual historical cost. This cost may be obtained by reference to documents such as invoices, vouchers, contracts, or purchase orders.

In the case of land, cost should include, in addition to the purchase price, legal and title fees, surveying and negotiation fees, and site preparation costs, (clearing, filling, leveling, and demolition of unwanted structures).

In the case of buildings, cost should include purchase price, professional fees, cost of fixtures attached to a building or structure, and any other expenditures necessary to put a building into its intended state of operation.

In the case of motor vehicles and equipment, cost should include total purchase price LESS trade in allowance, transportation charges, installation costs and any other expenditures required to place the asset in its intended state of operation.

- b. Estimated fair market value - gifts. Gifts or donations shall be valued at fair market value at the time of receipt. This value may usually be obtained from the donor who will generally have recorded the amount for Federal Tax purposes.

After assets have been valued, it is important that the permanent fixed asset record contain notations referring to source documents and the method of valuation.

#### D. Asset Identification

Tagging or otherwise marking fixed assets provides positive identification and control over fixed assets. This shall be accomplished by assigning and affixing a number to individual assets or groups of assets and recording this number in the permanent record.

8. Department heads/elected officials shall be responsible and held accountable for insuring that the inventory tags are either affixed to the appropriate items or maintained in a file. Inventory tagging shall be accomplished as soon as possible, but not later than 72 hours after receipt of the inventory tags.
9. County Clerk's Office shall perform periodic checks of the property to see if it is properly tagged and in conformance with the fixed asset policy and any discrepancies shall be reported to the Board of County Commissioners.

#### E. The following information shall be recorded for each individual inventory/fixed assets.

1. Inventory ID: The tag number that is affixed to the item or maintained in an appropriate file.
2. Dept Code: The department (fund) that acquired the item.
3. Brief Description: Common name of item first, trade name if known, size, finish, etc. example: TYPEWRITER, IBM, SELECTRIC, BLUE.
4. Serial Number: The manufacturer's serial number.
5. Disposal Date of Property: The day the item was sold or disposed of.
6. Fixed Asset Type Code: The code defining the type of asset. See list of acceptable codes.
7. Location of Property if Different from Dept Code: This field is only used when you have an item that is not located in your department. If you have loan another department a piece of equipment or furniture it is still your responsibility to put on your inventory and tag unless you turn over the item to the department you have loaned it to.
8. Price if Sold or Traded: Amount collected for sale of item.
9. Reference: The voucher number or other source document number should be used. This information is used for an audit trail.
10. Purchase Date: The date the item was placed in service (invoice or received date).
11. Purchase Price: The actual price paid for the item (from the invoice) If the price is not available indicate that it is an estimate.
12. Signature: Authorized signature for the department.

## F. Updating the System

The following methods shall be established to update the fixed asset system. All acquisitions and dispositions shall be recorded in the individual fixed asset record.

1. Acquisitions. The department shall fill out "Form A" which will be used when adding new or used purchases or gifts. The county clerk's office shall assign a number upon receipt of "Form A" from the department. The County Clerk's Office shall record all acquisitions of property from the 8000 series expenditure codes with the exception of construction in progress, and easements and right of way.
2. Trade-ins. Recording a trade-in of one asset for another will be affected by the depreciation policy. For all assets being depreciated, the original value and accumulated depreciation of the old asset should be deleted. The amount to record for the new asset will be the net book value of the old asset (cost minus accumulated depreciation) plus the cas difference paid.
3. Disposition. The department shall fill out "Form B" when deleting, changing or correcting items on file. This form shall be given to the county clerk's office to record the changes on the system.

If the item is being declared obsolete, surplus, unusable or unneeded, the department head shall also submit a "Request for Property Disposal" form to the county clerk's office.

A physical inventory shall be taken annually. If acquisitions and dispositions are correctly recorded as they occur, the fixed asset records and the physical inventory should agree. Significant difference between the two shall be submitted to the Board of County Commissioners for appropriate action.

## G. Financial Reporting.

Complete financial statements will be produced at the end of each fiscal year.



ATCHISON COUNTY INVENTORY & FIXED ASSET SYSTEM

F O R M A

(This form to be used when ADDING a new or used purchases to file)

INVENTORY ID: \_\_\_\_\_  
 (to be assigned by Clerk)

FIXED ASSET CODE: \_\_\_\_\_

DEPT CODE: \_\_\_\_\_

LOCATION CODE: \_\_\_\_\_  
 (if not the same dept code)

BRIEF DESCRIPTION: \_\_\_\_\_

PURCHASE PRICE: \_\_\_\_\_

REFERENCE: \_\_\_\_\_  
 (voucher number, invoice, etc)

SERIAL NO: \_\_\_\_\_

DEPT SIGNATURE: \_\_\_\_\_

PURCHASE DATE: \_\_\_\_\_

RETURN THIS FORM TO THE COUNTY CLERK'S OFFICE

ATCHISON COUNTY INVENTORY & FIXED ASSET SYSTEM

F O R M B

(This form to be used to DELETE, CORRECT, or CHANGE items on file)

INVENTORY ID: \_\_\_\_\_

FIXED ASSET TYPE CODE: \_\_\_\_\_

DEPT CODE: \_\_\_\_\_

LOCATION OF PROPERTY IF DIFFERENT FROM  
 DEPT CODE: \_\_\_\_\_

BRIEF DESCRIPTION: \_\_\_\_\_

PRICE IF SOLD OR TRADED: \_\_\_\_\_

REFERENCE: \_\_\_\_\_

SERIAL NO: \_\_\_\_\_

DISPOSAL DATE OF PROPERTY: \_\_\_\_\_

DEPT SIGNATURE: \_\_\_\_\_

\*\*\*\*\*  
CIRCLE ONE OF THE BELOW:

- |         |              |             |           |
|---------|--------------|-------------|-----------|
| SOLD    | DESTROYED    | TRANSFERRED | STOLEN    |
| SURPLUS | CITY SURPLUS | AUCTION     | TRADED IN |
- \*\*\*\*\*

FOR COUNTY CLERK'S USE ONLY:

disposal flag: \_\_\_\_\_

delete flag: \_\_\_\_\_

depreciation: \_\_\_\_\_

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RETURN THIS FORM TO THE COUNTY CLERK'S OFFICE