

RESOLUTION NO. 5-0703

FIXED ASSET POLICY AND INFRASTRUCTURE CAPITALIZATION FOR GASB 34

TO THE HONORABLE IOWA COUNTY BOARD OF SUPERVISORS:

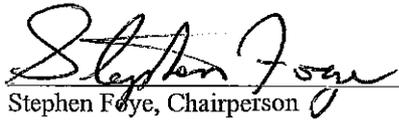
WHEREAS, the Committee on Finance, Bonds, Insurance and Tax Claims recognizes the need for a County Fixed Asset Policy and Infrastructure Capitalization for GASB 34 Agreed Upon Guidelines.

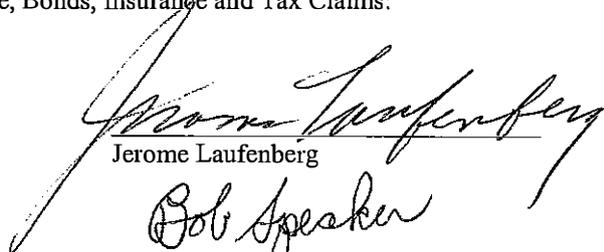
WHEREAS, the Fixed Asset Policy and the Infrastructure Capitalization for GASB 34 Agreed Upon Guidelines recommended by the Committee on Finance, Bonds, Insurance and Tax Claims provides a uniform method to account for fixed assets and infrastructure.

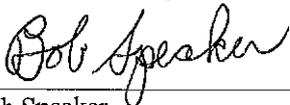
NOW THEREFOR BE IT RESOLVED, that the Committee on Finance, Bonds, Insurance and Tax Claims and the County Board of Supervisors recommends the following policies for Fixed Assets and Infrastructure Capitalization for GASB 34 Agreed Upon Guidelines.

BE IT FURTHER RESOLVED, that such policy applies to all Iowa County Departments.

Respectfully submitted by the Committee on Finance, Bonds, Insurance and Tax Claims:

  
Stephen Foye, Chairperson

  
Jerome Laufenberg

  
Bob Speaker

  
Robert Regan

  
Diane McGuire

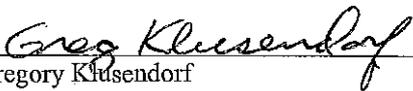
Adopted by the Iowa County Board of Supervisors on the 15th day of July 2003.

  
Richard Heimerl  
Iowa County Chairman

ATTEST:   
Gregory Klusendorf  
Iowa County Clerk

CERTIFICATION OF ADOPTION

This is to certify that the County Board of Iowa County duly adopted the above resolution on the 15th day of July 2003.

  
Gregory Klusendorf  
Iowa County Clerk  
Iowa County, Wisconsin

# Iowa County Fixed Asset Policy

## **Purpose:**

The purpose of this procedure is to establish uniform guidelines for the accounting of property owned by Iowa County.

## **Responsibilities:**

1. Each department manager or individual that is responsible for an activity has the responsibility to account for, maintain and safeguard the County owned property in their possession. The department manager may designate a staff person as the individual responsible for maintaining the department fixed asset inventory.
2. The Finance Office shall be responsible for maintaining the fixed asset and custodial property system for County departments, with the exception of Bloomfield Manor and the Highway Department which maintain their own systems. Such responsibilities include:
  - A) Writing and maintaining system procedures.
  - B) Designing Forms.
  - C) Updating Master Files.
  - D) Training Departmental Personnel on the use of the system.
  - E) Scheduling Annual Inventories.
  - F) Entering additions, transfers, changes and deletions.
3. Department managers, or their designee, will be responsible for the following:
  - A) Conducting Physical Inventories.
  - B) Completing and Properly Coding vouchers and forms each time an asset is purchased, updated, transferred, or disposed of.
  - C) Maintaining control and security over property in their possession.

## **Definitions:**

1. **Asset:** Assets are property owned or lawfully held by Iowa County. An asset must be of a tangible nature and have a long life. Such items include: land, land improvements, buildings, major building improvements, machinery, equipment, and construction in progress. For purposes of capitalization an asset has a cost of \$5,000 or greater. The cost of assets held by Bloomfield Manor and the Highway Department would be \$5,000 or another amount set forth by that department.
2. **Custodial Property:** All assets that have a replacement value of at least \$500 but less than \$5,000.
3. **Expendable Property:** All items that are purchased as supplies are not included in this policy. These items include office supplies, small tools and any other such items.

## **Reporting Requirements:**

1. Departments shall report the acquisition of purchased property by properly coding the vouchers with the asset codes.
2. Departments shall report the acquisition, transfer, sale or disposal of all property by properly completing the inventory change form.
3. Each November or December the Finance Office will furnish each department with a detail listing of their assets and custodial property. The departments are responsible for taking a physical inventory of their property. The departments are to follow the instructions for completing the inventory.
4. Attached are examples of how the vouchers are to be completed.

## Accounting Procedures:

1. **General:** All assets and custodial property, with the exception of those items belonging to Bloomfield Manor and the Highway Department will be accounted for in the General Fixed Asset Account Group by the Finance Office.
2. **Depreciation:** Depreciation will be recorded for assets of Bloomfield Manor and the Highway Department according to the accounting rules governing their agencies. General Fixed Assets will be depreciated based on General Accepted Accounting Principles for GASB 34 compliance.

## Valuation of Assets:

1. **Purchased Assets:** Purchased Assets will be valued at the cost to the County at the time of purchase. This includes the following items related to certain types of assets:
  - A) **Land:** Purchase cost plus legal and title fees, surveying fees, appraisal and negotiating fees, damage payments, site preparation cost, and demolition of unwanted structures.
  - B) **Buildings and Improvements Other than Buildings:** Attorney fees related to the acquisition, appraisal, and advisor fees, and other costs necessary to put a building to its intended use.
  - C) **Machinery, Equipment and Custodial Property:** Freight charges, installation charges, and any other cost necessary to put the asset into service.
2. **Improvements and Replacements:** An improvement is a cost that is associated with an existing asset and adds value and life to that asset. A replacement is an asset that completely replaces a current asset where the first asset is removed and a new asset replaces it.
3. **Repairs (Ordinary and Major):** Repairs maintain the fixed asset in its original operating condition. Ordinary repairs are expenditures made to maintain assets in operating condition. Preventive maintenance, normal periodic, repairs, replacement of parts, structural components, and other activities such as repainting, and equipment adjustments that are needed to maintain the asset so that it continues to provide normal services should not be capitalized but rather charged to maintenance or repairs account. Ordinary repairs should likewise be recorded with the appropriate maintenance and/or repair object code.

Major repairs are relatively large expenditures that benefits more than one operating cycle or periods. If a major repair, (e.g., an overhaul) occurs that benefits several periods and/or extends that useful life of the asset then the cost of the repair should be handled as an addition, improvement, or replacement.

**INFRASTRUCTURE CAPITALIZATION FOR GASB 34**  
**AGREED UPON GUIDELINES**

DATE: 5/19/03

Based on discussions, meetings and correspondence, between Finance Director, Auditor and Highway staff, and using the following agreed upon guidelines our department put together the 12/31/2002 infrastructure balances for roads, culverts, bridges, and right-of-way.

1. **LIFE EXPECTANCY** will be as follows:
  - ❖ ROADS – ASPHALT            25 Years
  - ❖ CULVERTS                      50 Years
  - ❖ BRIDGES                        50 Years
  
2. **SALVAGE %** will be as follows:
  - ❖ ROADS                          25%
  - ❖ CULVERTS                      0%
  - ❖ BRIDGES                        0%
  
3. **ROADS** – 12/31/2002 Current dollar value of two-lane asphalt type roads. Please note that cost for small culverts, signs and beam guard are included in the per mile cost.
  - ❖ \$537,000 per mile for a two-lane asphalt or concrete type road.
  
4. **CULVERTS** – 12/31/2002 current dollar value.
  - ❖ \$12,000 per large structure between 54 inch and 72 inch.
  - ❖ \$32,000 per box culvert.
  - ❖ \$62,000 per multi-plate 84 – 144 inch culvert.
  
5. **BRIDGES** – 12/31/2002 current dollar value.
  - ❖ \$90 for Square Feet for all bridges
  
6. **RIGHT-OF-WAY** – 12/31/2002 current dollar value. No estimated life or salvage value.
  - ❖ Used Current dollar value of \$.06 per square foot. Based on \$2,500 per acre divided by 43,560 square feet.
  - ❖ Iowa County Highway Department's position regarding Right-of-Way values as of 12/31/2002. Right-of-way is quite complicated due to the different methods of acquiring right-of-ways and the different dates the right-of-ways were secured. Iowa County purchased some right-of-ways, some were donated, municipalities purchased some, and some were purchased through cost sharing agreements between the county and various other units of government. Determining the date of acquisition and the source of funding is not possible for all existing right-of-ways.

The Highway Department has determined the length and width of all right-of-way. The Department has established a value per acre of \$2,500. The current 12/31/2002 values of right-of-way are being deflated back to 1926. This is the year that the county highway system was established. While some rights-of-way were acquired after this date, we believe that without information about these acquisitions, it would be more conservative to use a lower historical cost.

7. To arrive at 12/31/2002 historical capitalized cost value for roads, culverts noted above, bridges and right-of-way; we will take the current dollar replacement cost indexed back to the year it was placed into service. We used the cost-of-living calculator from the American Institute for Economic Research website.
8. The term Construction for roads shall include new construction, re-construction, pavement rehabilitation and pavement overlays.

Highway department will set up an Excel file for each of the four categories: roads, culverts, bridges, and right-of-way.