

State of Iowa Department of Corrections

Policy and Procedures

Policy Number: AD-FM-07

Applicability: Institutions, CB, Central Office, IPI

Policy Code: Public Access

Iowa Code Reference: NA

Chapter 1: Administration & Management

Sub Chapter: Fiscal Management

Related DOC Policies: NA

Administrative Code Reference: NA

Subject: Fixed Assets Accounting

PREA Standards: NA

Responsibility: Steve Dick

Effective Date: June 2023

Authority:

1. PURPOSE

To ensure uniformity in accounting treatment with respect to fixed assets in the Iowa Department of Corrections (IDOC).

2. POLICY

It is the policy of the IDOC to have in place procedures that ensure all fixed assets are uniformly treated for the purpose of accounting and auditing, subject to all provisions of state accounting regulations.

CONTENTS

- A. Depreciation of Capital Assets
- B. Costs of Items
- C. Upgrade and Improvement of Equipment
- D. Inventory of Items

3. DEFINITIONS – As used in this document:

- 1) Capital Assets – Assets which meet a certain dollar value which can be different depending on the asset.
- 2) Fixed Assets – Piece of equipment costing \$5,000.00 or more including freight charges and installation.
- 3) Infrastructure – Long lived capital assets, stationary in nature, can be preserved for more years than most capital assets and of value only to the government.
- 4) See IDOC Policy **AD-GA-16** for additional Definitions.

4. PROCEDURES

A. Depreciation of Capital Assets

Capital assets meeting the criteria for inclusion above should be depreciated over the following useful lives:

| | |
|------------------------------|----------|
| 1. Infrastructure | 35 years |
| 2. Land improvements | 35 years |
| 3. Building and improvements | 35 years |
| 4. Computer equipment | 3 years |
| 5. All other equipment | 5 years |
| 6. Vehicles | 3 years |

B. Costs of Items

The cost of one of the items in a group is \$5,000.00 or more, but does not require the acquisition of the other items in the group to be of value. In this case, the cost of the item(s) individually costing \$5,000.00 or more would be capitalized and the remaining items would be expensed. For example, if two pieces of shop equipment are purchased in one order, one costing \$5,000.00 and the other costing \$500.00, the more expensive items would be capitalized and the less expensive would be expensed.

C. Upgrade and Improvement of Equipment

1. Upgrades and improvements to equipment costing \$5,000.00 or more are to be capitalized, while repairs in any amount are to be expensed. For example, work done on a piece of equipment that restores the equipment to its original state is a repair, and would be expensed. On the other hand, if the work done on the equipment increases its original capabilities and the cost of that work is \$5,000.00 or more, it would be capitalized.
2. Requisitions for equipment items vary by location and can be bid according to Department of Administrative Services (DAS) policy and procedure.

D. Inventory of Items

1. Each item that meets the capitalization policies outlined above shall be identified with an inventory tag prominently and permanently attached to the asset. Each tag shall be sequentially numbered. These inventory numbers shall be recorded and tracked.
2. Inventories shall be conducted annually.
3. Items that are removed need to be documented and filed. Fixed asset inventory is maintained on a spreadsheet showing yearly depreciation. Gain/loss must be figured for each item that is removed. Year-end totals are tabulated and reported on the Generally Accepted Accounting Principles (GAAP) package.