



## **CAPITAL ASSETS POLICY AND PROCEDURES**

### **POLICY**

A capital asset is a tangible asset of the Parish that costs \$5,000 or more and has an estimated useful life extending beyond one year. Examples include land, buildings and improvements, and equipment used in the operations of the Parish. Also, capital assets include the infrastructure assets (roads, bridges, water system, sewer system, etc.) of the Parish.

Louisiana Revised Statute 24:515. B.1 requires the Parish to maintain records of its capital assets. The Secretary Treasurer is responsible for recording and coordinating the annual inventory of all capital assets. The Secretary Treasurer will be responsible for marking or tagging all fixed assets, maintaining an accounting record, and the taking of the physical inventory. All fixed assets will be assigned a number and be tagged or marked as property of the Union Parish Police Jury. The listing of capital assets is to be updated each year for assets acquired and disposed. Failure to identify and periodically account for Parish assets/property exposes the Parish to possible loss, theft, and misuse of its assets. Any missing assets should be addressed and appropriately resolved, including notifying the district attorney and Legislative Auditor.

The accounting record shall include purchase date, costs, disposition and percentage of federal participation in the cost. In addition, descriptions, tag numbers, serial numbers, method of acquisition, and primary location shall be recorded. All pertinent data shall be recorded on a current basis.

Capital assets are reported in the Parish's financial statements at cost (including interest and freight, if any). However, capital assets received as donations are reported at their estimated fair market value at the time of donation.

Except for land which is not depreciated, capital assets are depreciated over their estimated useful lives using the straight-line method of depreciation. The various asset classes are assigned the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Life</b>
Land	Not depreciated
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	5 years
Vehicles	7 years
Computers	3 years
Office Equipment	7 years
Furniture	7 years
Roads	40 years
Bridges	20 years
Water System	40 years
Sewer System	40 years

## **PROCEDURES**

### **Capital Asset Additions**

1. The general ledger is reviewed by Secretary/Treasurer monthly for capital asset additions.
2. The Secretary/Treasurer is to obtain the supporting documentation (e.g., purchase order, invoice, etc.) to record the asset information on the capital asset listing. Information recorded should include the asset description, date of acquisition, location, department, cost (or fair value if donated), salvage value, and estimated useful life.

### **Capital Asset Deletions/Disposals**

1. During the year, the department heads are to notify the Secretary Treasurer when a capital asset is no longer useful in operations and thus available for disposal.
2. All disposal related documentation (e.g., board resolutions, appraisals, advertisements, bids received, etc.) is to be maintained by the Secretary/Treasurer.
3. The Secretary/Treasurer is to identify the asset on the listing and document its disposal (e.g., date, proceeds, etc.).

## **Annual Physical Inventory of Capital Assets**

The Secretary/Treasurer is responsible for ensuring that a physical inventory of capital assets is conducted at or near the end of each fiscal year.

1. During the last quarter of each fiscal year, department heads are to be provided with a complete listing of the capital assets for which they are held accountable. These inventory lists are to be used to document their physical inventory.
2. Department heads (or designees) are to conduct the inventory by touring the department/premises and locating each asset listed. Every effort is to be made to locate all assets of the Parish.
  - For each asset that is observed, place a check-mark on the inventory listing next to the description of the asset
  - Verify that the asset's location is the same location shown on the inventory listing. If not the same location, make a note of the change.
  - For an asset that is missing, place an "x" on the listing next to the description of the asset. Department heads are to immediately notify the finance department of any missing assets.
3. The Secretary Treasurer is to notify the District Attorney or Legislative Auditor of any misappropriation of assets.
4. Upon completion of the physical inventory, department heads are to sign and date their inventory lists and return to the Secretary/Treasurer.
5. The Secretary/Treasurer is to review the inventory lists for completeness and for any notes made by department heads. The Secretary/Treasurer will update the capital assets listing for any changes and prints a final listing.
6. Annually, the listing of capital assets is to be reconciled/agreed with the assets account balance(s) recorded in the accounting system (general ledger).
7. The inventory lists and the final capital assets listing are to be made available to the auditor upon request.

## **Daily Log**

Vehicles/Equipment are checked out on a daily basis and a log is maintained as to who has what equipment. If the equipment is not properly checked in the Secretary/Treasurer is notified immediately and an investigation will be conducted.

## **Records**

The official records such as titles are maintained in the Secretary/Treasurer's office. The Secretary/Treasurer will also maintain an excel spreadsheet detailing the condition of the equipment/property, and the percentage of federal participation (if any) cost. The Accounts Payable Clerk is responsible for retaining and filing requisitions, bids, purchase orders, check vouchers, and other documents relative to all purchases, including property.