

ADMINISTRATIVE PROCEDURES



Procedure Number: 22-08

Effective Date: 06/04/1984

Revision Date: 10/12/2005

C. Dulubauy
County Administrator

SUBJECT: **CAPITAL ASSET ACCOUNTING**

DEPARTMENT RESPONSIBLE: **Finance**

I. STATEMENT OF PURPOSE

The following apply to all County departments.

The investment of public funds in land, buildings and equipment must be adequately safeguarded. To safeguard this investment, physical and internal accounting controls must be established and maintained within the framework of a complete capital asset accounting system. The objectives of internal accounting control are to provide reasonable assurance that transactions are properly executed in accordance with management's authorizations, assets are protected from unauthorized use or disposition, and financial records are reliable for preparing financial statements and maintaining accountability. Basic characteristics of sound internal accounting control include segregation of accounting duties, approvals of accounting transactions, and regular reconciliations of detailed and control records.

Capital assets are property of the County possessing all of the following characteristics:

1. Tangible nature
2. Useful life longer than one year
3. Significant value as listed in policies stated below

Capital assets may be acquired by outright purchase, construction, lease-purchase agreement, installment purchase contract, eminent domain, tax or special assessment foreclosure, or gift.

Lease-purchase agreements are contractual agreements which are termed "leases" but which, in substance, amount to purchase contracts. General capital assets acquired via lease-purchase agreement are capitalized in the General Capital Assets Account Group at the inception of the agreement in the amount of the discounted present value of total stipulated payments. Multiple-year installment purchase contracts are accounted for in the same manner as lease-purchase agreements.