



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

August 7, 2009

## GENERAL LETTER NO. 24-H-4

ISSUED BY: Bureau of Purchasing, Payments, and Receipts,  
Division of Fiscal Management

SUBJECT: Management Manual, Title 24, Chapter H, **CAPITAL ASSET AND  
SUPPLY INVENTORY CONTROL**, Title page, revised; and pages 7 and  
8, revised.

### Summary

This chapter is revised to:

- ◆ Correct the Title page to reflect "Management Manual" instead of "Employees' Manual."
- ◆ Update the procedures under the "Depreciation" section.

### Effective Date

Upon receipt.

### Material Superseded

Remove from Management Manual, Title 24, Chapter H, Title page and pages 7 and 8, dated March 16, 2007, and destroy them.

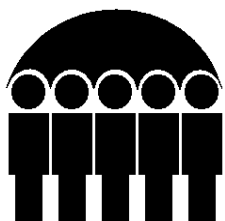
### Additional Information

Refer questions about this general letter to your facility business manager, service area manager, or regional administrator.

Revised August 7, 2009

Management Manual  
Title 24  
Chapter H

# **CAPITAL ASSET AND SUPPLY INVENTORY CONTROL**



Iowa  
Department  
of  
Human Services

## **Depreciation**

The Capital Asset Inventory System allows you to:

- ◆ Depreciate items over a set number of years,
- ◆ Expend an item immediately and then set up a depreciation schedule for management control purposes, or
- ◆ Choose not to depreciate an item at all.

Generally, all items purchased with an acquisition value of \$5,000 or more must be depreciated. Questions relating to federal programs and how they apply to depreciation shall be referred to the Revenue Maximization Unit.

Depreciation shall be charged to the agency number using the item at the end of each fiscal year. When an item is deleted from the inventory, the balance of the unclaimed depreciation is netted against any sales revenue or trade-in value in order to calculate a gain or loss on the disposition of the asset.

All items added to the inventory system should be coded in the inventory system with the straight-line depreciation method.

All entries for additions, transfers, and deletions to the asset inventory must be entered and approved in the inventory system within the proper fiscal year. Entries for the fiscal year in the I/3 Capital Asset Inventory System must be completed no later than the last working day of July to be recorded in the fiscal year ending June 30.

Depreciation for June is processed in the I/3 Capital Asset Inventory System during the nightly cycle of the last working day of July each year. If an invoice for an asset acquired in the fiscal year ending June 30 has not been received in order to meet the end of July entry deadline, the asset should be added at the estimated acquisition cost.

When the invoice is received and paid, a "Fixed Asset Increase/Decrease (FI)" document should be entered in the I/3 Capital Asset Inventory System if an adjustment to the acquisition value is required.

All entries for assets acquired must be added to the inventory system within a reasonable time from the date of payment for the asset. Entries for transfer or disposal of assets must be entered in the inventory system within a reasonable time from the date of transfer or disposal of the asset.

All entries must be completed no later than the last working day of July to ensure proper fiscal year reporting for the year ending June 30. Documentation shall be maintained in the responsible office to verify:

- ◆ Date of acquisition, transfer or disposal.
- ◆ Nature of transfer or disposal.

Documentation for transfers and disposals must include an approval signature from an authorized official other than the personnel making the entry to transfer or dispose of the equipment.

### **Life Expectancy**

Items shall be depreciated using the life expectancy guidelines found in this chapter unless otherwise specified by grant requirements or extraordinary circumstances. Those instances shall be documented and filed with the inventory records.

### **Capital Improvements**

Capital improvement projects shall be listed separately on the Capital Asset Inventory System. The value shall be the cost of the improvement, including all construction costs, materials, labor, etc. In some instances, projects may extend over two or more state fiscal years. The portion of the project completed as of the end of the state fiscal year is to be added to the Capital Asset Inventory System.

The Department of Administrative Services, Design and Construction Bureau, shall determine if the useful life of the asset has been extended and to what extent. Facility requests for a review of redetermination of useful life by DAS Design and Construction staff shall be submitted through the Office of the Deputy Director for Field Operations.

If the useful life has been extended, the life expectancy shall be changed and the balance of the undepreciated cost shall be depreciated using the new life expectancy. The capital improvement project shall be depreciated over the remaining useful life.