INFORMATIONAL CIRCULAR NO.: **18-A-007**

DATE: April 11, 2018

SUBJECT: Capital Asset Reporting

EFFECTIVE DATE: April 11, 2018

CONTACT:

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SUMMARY: Capital Asset Reporting

In accordance with KSA 75-3729 and the Department of Administration's Policy Manual Filing 13,001 - Capital Asset Records, agencies must enter capital assets into the SMART Asset Management (AM) module when the asset is received and/or the asset is functional to accurately reflect the correct transactions for reporting on the Comprehensive Annual Financial Report (CAFR). To ensure compliance with state policies, the DA-87 Annual Capital Asset Reporting Log will be required to record all capital asset transactions over the capitalization thresholds noted below. This includes the acquisition, disposal, and transfer of capital assets and any changes to existing capital assets reported in the SMART AM module.

NOTE: KDOT & Regent Institutions are exempt from the reporting requirements of the DA-87.

DA-87 Annual Capital Asset Reporting Log due dates:

- FY18 Initial submission is due May 15th (For the reporting period of July 1st, 2017 through March 31st, 2018).
- FY18 End-of-Year log will be due July 31st and will be a cumulative record all FY18 capital asset transactions.

In FY2019 and subsequent years, agencies are required to submit a DA-87 cumulative report for each quarter of the FY due on the 15th calendar day following the end of each quarter to include all current FY capital asset transactions. The due dates are as follows:

Due Date for FY2018:

Month	DA-87 Due Date
July August September October November December January February March	Initial DA-87 Submission Due May 15th
April May June	July 31st

Due Dates Beginning in FY2019:

Month	DA-87 Due Date
July August September	QTR 1 October 15th
October November December	QTR 2 January 15th
January February March	QTR 3 April 15th
April May June	QTR 4 July 15th

Please submit the completed DA-87 log to the Financial Integrity Team (FIT) email: OCFO-FIT@ks.gov For detailed instructions on completing the DA-87, please see the "Instructions" tab on the workbook.

If the agency does not have any capital assets to report for the period, please send an email to the FIT team noting that no assets were purchased within the reporting period.

Assets with a cost meeting the established threshold and a useful life exceeding one year are reported as capital assets in the CAFR. It is the agency's responsibility to ensure all capital assets are properly recorded in the SMART AM module.

The statewide capitalization thresholds for assets are as follows:

Description	Asset Category Code	Capitalization Threshold
Equipment and Furnishings	EQFRN	$5,000
Vehicles	VEHCL	$5,000
Land	LAND	$100,000
Buildings and Improvements	BDIMP	$100,000
Intangible – Software	INSOF	$250,000
Intangible - Other	INOTH	$250,000
Land Improvements	DLDIM-NLDIM	$100,000
Leasehold Improvements	LHDIM	$100,000

Assets are entered in the SMART AM module in one of two ways.
1) Directly in AM via Express Add. *SMART Job Aid:* *Adding An Asset Using Express Add*
2) Via asset integration on the requisition, the purchase order or the voucher

Each agency must determine which method will be used and ensure all parties involved are aware of how assets will be entered.

Please note, two SMART queries are available to assist agencies in reviewing and reconciling capital asset transactions:

▪ Capital Asset Inventory List Query - **KS_AM_ASSET_CAPITAL_INV_LIST –** The query provides a complete agency inventory of capital assets recorded in the SMART AM module *(use data filters to select CAFR asset book).*

▪ Capital Outlay Purchase Query - **KS_AM_VCHRS_WITH_54XXXX_ACCT –** The query provides a list of vouchers using the capital outlay account codes for the specified dates.

SMART Asset Integration Tools: Asset integration is a process by which asset information included on the requisition, purchase order and voucher can flow to the Asset Management Loader Tables and then can be loaded to the Asset Management module directly, eliminating the need to hand- key asset details like profile ID, tag number, custodian, location and chartfield values in the AM module. It also links the asset to its originating voucher.

Asset integration can begin on either the requisition or the purchase order for the purchase of new assets or on the voucher for new or existing assets in SMART. Agencies have the option of deciding where to begin asset integration in SMART. Detailed job aids are available for entering assets at each level of integration: http://www.smartweb.ks.gov/training/integration-materials/am-po-and-ap

▪ Linking Vouchers with Asset Module
  - AM Tool 5 - Beginning Asset Integration on Voucher
  - Reviewing the Transaction Loader Tables Job Aid
  - Agency Asset Processor's Role in Integration

▪ Construction-In-Progress (CIP) is recommended to be entered in SMART AM at the beginning of the project.

  - It is essential that all costs associated with a CIP asset are captured in AM. Agency staff must determine if integration will be used or if asset costs will be manually adjusted in AM. The agency must determine the best process to communicate CIP costs between the Accounts Payable and Asset Management modules. *SMART Job Aid:* *CIP Assets*

Capital Asset Reporting Reminders: Agencies should keep SMART AM up-to-date to ensure all assets are entered before FY closing. If an error or omission is found after year-end closing, in addition to entering the correction in SMART AM, a detailed explanation should be included on the [Form DA-82 Capital Asset Supplemental Information](#).

The following guidance is provided to assist in completing capital asset reporting:

- ✓ Capital asset physical inventories are to be completed annually. Inventories are recommended to be conducted prior to June 15th to allow for corrections/additions to be recorded in the SMART AM module prior to SMART Year-End deadlines.

- ✓ Verify correct Profile ID and Category Code are used for assets. Asset Profiles drive the depreciation and accounting entry creation for CAFR purposes, it is crucial that the correct Asset Profile is used. *SMART Job Aid: [Incorrect Asset Profiles and Corrections](#) / [Profile ID Section Job Aid](#)*

- ✓ Agencies should review Construction-In-Progress (CIP) before year-end closing to ensure all costs are included in the asset module. CIP costs can be entered directly into AM as an addition/adjustment on the Cost Adjust/Transfer page to add costs as expenditures are incurred. *SMART Job Aid: [CIP Assets](#)*

- ✓ Completed CIP assets need to be recategorized, the profile ID updated to a non-CIP profile, and other requirements completed as further defined in the job aid. *SMART Job Aid: [CIP Assets](#) (See Section: Steps to Perform After CIP Asset is Complete)*

- ✓ All assets that have been sent to state surplus, sold, or otherwise no longer in the agency's possession should be disposed of in the SMART AM module accordingly. *SMART Job Aid: [Retiring and Reinstating Assets](#)*

- ✓ Verify reported asset cost allocations, and update asset costs, if necessary. *SMART Job Aid [Adjustments and Additions to Cost and/or Quantity](#)*

- ✓ For agencies utilizing integration, all outstanding Asset Integration Interface ID's must be processed. *SMART Job Aid: [Reviewing Transaction Loader Tables](#)*

For assistance with entering/updating assets in SMART, please submit a SMART Service Desk ticket. For policy/recording questions please email the Agency Audit Services team at [ARpreaudit@ks.gov.](#)

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Resources:
Policy Manual [13,001 Capital Asset Records](#)
Form [DA-87 Annual Capital Asset Reporting Log](#)
SMART Module of the Month Training – [Safeguarding Assets](#)

Additional SMART Asset Management job aids are available online via [SMART Web](#).