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Training Guide – Asset Management

## Asset Management: The Basics

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### State of Kansas

**Applicable Role(s):**

Agency Asset Processor

Agency Asset Maintainer

Agency Adjustment/Transfer/Retirement Processor

KS Assets Viewer

Created 2/1/2013

# Asset Management: The Basics Training Guide

Statewide Management, Accounting and Reporting Tool

## Table of Contents

Asset Management: The Basics .....	3
Objectives.....	3
Topic 1: Key Terms .....	3
Topic 2: Key Concepts for Asset Management .....	5
Topic 3: Understanding Asset Processing—Business Process Flow .....	6
Lesson Review .....	7

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Statewide Management, Accounting and Reporting Tool

## Asset Management: The Basics

### Objectives

Upon completion of this lesson, you will be able to:

- Define basic asset terms
- Understand the difference between capital and noncapital assets
- Explain the end-to-end process for asset entry and maintenance
- List roles involved in asset entry and maintenance and describe tasks performed by each role

### Topic 1: Key Terms

- **Asset** – A tangible or intangible item (e.g., software) that is purchased or held by the state through a purchase, lease, donation, construction, grant, or sub grant. Assets are used in state operations, have an estimated life of one year or more, and are not consumed or expended when in use.
- **Profile ID** – The Profile ID is the most important field in Asset Management. Profile ID's are templates that help reduce data entry when adding an asset. Each Asset Profile is configured with an Asset Class, an Asset Type, and an Asset Category. The Profile ID also stores depreciation information (e.g. useful life, depreciation method, etc.) for depreciable assets and the related Asset Book(s) in which asset information is stored. Since Profile ID's drive the depreciation and accounting entry generation of an asset for CAFR purposes, it is crucial that the correct Profile ID is used when creating an asset.
  - Most Profile IDs are based on General Ledger Account Codes. There are a few exceptions (CIP assets).
    - Noncap Assets have Profile ID's ending in 54XX90 or 54XX91.
    - Capital Assets have Profile ID's ending in 54XX00, 54XX10, or 54XX20.
  - A complete list of Profile IDs is included in the "Profile ID Selection" job aid.
- **Category** – The Asset Category determines how Capital Assets will be reported on the CAFR. For example, a truck would be reported under the Vehicle (VEHCL) category. The Category defaults in based on the Profile ID selected.

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Statewide Management, Accounting and Reporting Tool

- **Capitalization Threshold** – The State has defined the following capitalization thresholds:

Description	Capitalization Threshold
Equipment and Furnishings	\$5,000
Vehicles	\$5,000
Land	\$100,000
Buildings and Improvements	\$100,000
Intangible - Software	\$250,000
Intangible - Other	\$250,000
Land Improvements	\$100,000
Leasehold Improvements	\$100,000

- **Asset Book** – The asset book stores depreciation attributes for an asset. All assets have the STATE book. Only Capital Assets have the CAFR book. The CAFR book generates entries to the General Ledger.

Cost	Capital or Noncapital	Book(s)	
		CAFR	STATE
Cost ≥ Threshold	Capital	X	X
Cost < Threshold	Noncapital		X

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Statewide Management, Accounting and Reporting Tool

## Topic 2: Key Concepts for Asset Management

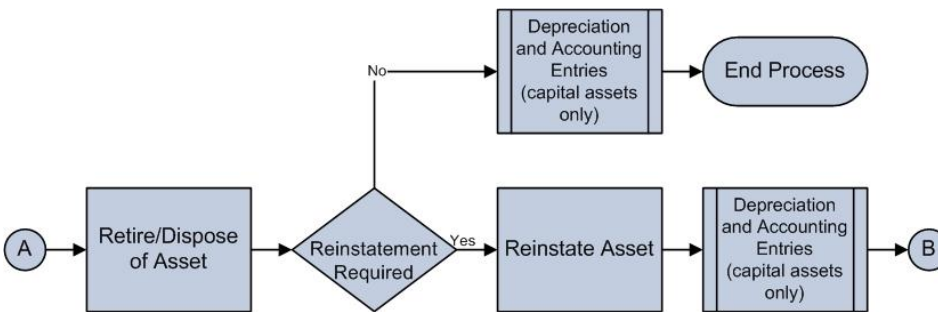
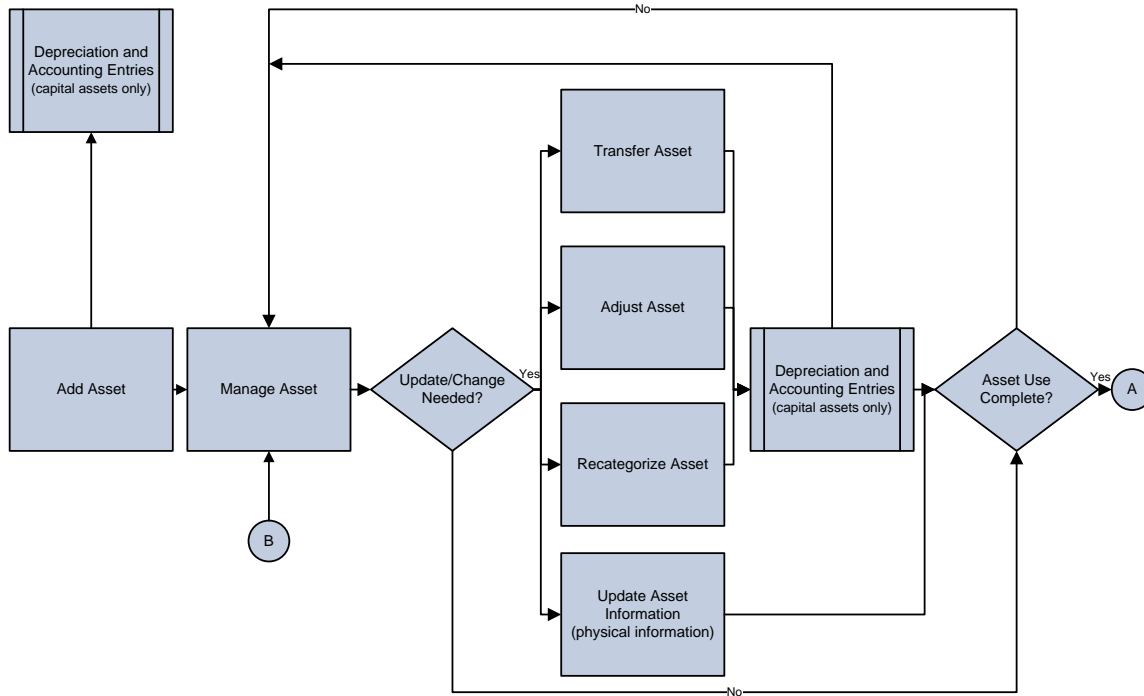
- Assets are entered one of two ways, either 1) directly in Asset Management via Express Add/Copy an Existing Asset or 2) via integration. Each agency must determine which method will be used and ensure all parties involved (purchasing/payables/asset staff) are aware of how assets will be entered.
- It is very important to select the correct Profile ID whether your agency enters assets directly into Asset Management or utilizes the integration.
- There are two roles involved in Entering and Maintaining Assets
- There is one role involved in performing other financial transactions on an asset

Role	Description
Agency Asset Processor	<ul style="list-style-type: none"> <li>• Enter and update assets.</li> <li>• View asset information including basic information, acquisition details, cost/book information, and depreciation information.</li> <li>• Establish, view, and update Parent/Child relationships.</li> <li>• Copy assets.</li> </ul> <p><u>For agencies that utilize integration:</u></p> <ul style="list-style-type: none"> <li>• Review outstanding Interface ID's in the Transaction Loader tables.</li> <li>• Consolidate and unitize asset information that originated in the AP/PO modules if applicable.</li> <li>• Run Transaction Loader Process.</li> </ul>
Agency Asset Maintainer	<ul style="list-style-type: none"> <li>• Update location and custodian information.</li> <li>• Add and update asset insurance, maintenance, warranties, and repairs.</li> </ul>
Agency Adjustment, Transfer, and Retirement Processor	<ul style="list-style-type: none"> <li>• Handles higher-level financial transactions (Adjustments, Transfers, Recategorizations, and Retirements)</li> </ul>

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## Topic 3: Understanding Asset Processing—Business Process Flow



*Asset Management End-to-End Process*

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## Lesson Review

In this lesson, you learned:

- Basic asset terms
- The Profile ID is the most important field in Asset Management.
- The capitalization thresholds utilized by the State
- The difference between capital and noncapital assets, and how the cost compared to the capitalization threshold determines whether the asset is capital or noncapital
- The roles involved in asset entry and maintenance and the tasks performed by each role
- The role involved in performing financial transactions on an asset
- The end-to-end process flow for asset entry and maintenance