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# UNIFORM COST ACCOUNTING SYSTEM MANUAL AND OFFICE MANAGER'S GUIDE

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FOR WISCONSIN COUNTIES

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# Uniform Cost Accounting System

## PREFACE

Wisconsin county highway departments have been provided with a uniform cost accounting system since 1946, following a directive from the Wisconsin Legislature. The legislation passed in 1943 required the utilization of a uniform accounting system. The system was originally devised by the Department of Revenue and is subject to revisions; if agreed upon by the Department of Transportation and a majority of the county highway departments of the state.

Prior to the drafting of this manual, the original system served the needs of the counties and the state for 70 plus years, with revisions occurring in 1951, 1954, 1965, 1985, 1986, 1988, 1991, 1993, 2011, 2019. The concepts contained in this manual do not incorporate or create any changes from the past manuals; rather the objective was to create a uniform editable document for reproduction and distribution to new Office Managers, Highway Commissioners, and other highway officials. The guide is established to work as a tool to assist with understanding the requirements and timelines for various documents, records, and reports.

The uniform cost accounting system explained within the manual is intended to provide meaningful managerial information to county highway officials, provide comparable information using current accounting practices for all Wisconsin counties, aid in reconciliation of departmental accounting with county-wide systems, and consistently provide for accumulating costs by project necessary to recover the costs of the highway department. This system recognizes the need for financial management systems which link the operations of various departments in county government. As a result, this system is closely linked to and includes the Uniform Chart of Accounts for Wisconsin Counties, originally published by the Wisconsin Department of Revenue, Bureau of Local Government Services (July 1985).

It incorporates changes which have been made by action of the Department of Transportation and WCHA committee structure over the years since the last revision dated 2011. The changes in methods and policy have been included in this document, without retaining the previous versions which were replaced. This manual in and of itself, does not create or replace any prior information or processes related to County Highway Cost Accounting, but rather compiles all the information into one reference manual.

The WCHA Board of Directors approved the distribution of this manual to any Office Manager, Highway Commissioner, or other highway officials through the WCHA media at its meeting held on January 15, 2020 at the Chula Vista Resort and Convention Center in the Wisconsin Dells. The document is primarily a state drafted and composed document providing direction for proper accounting for invoicing and reimbursement from the State.

Dated: 01/15/2020

# **County Highway Accounting Manual Wisconsin Department of Transportation**

## INTRODUCTION

The standards identified as GAAP are intended to provide government with authoritative reporting guidelines for the same reasons business has developed such guidelines: "so that financial markets (lenders) and other outside users can compare financial reports of various governmental units based on comparable data." Because governments have different organizational objectives than do business enterprises, and they operate in different economic, legal, political, and social environments, GAAP for government is different than GAAP for business.

Governmental GAAP financial reporting is intended:

1. to provide investors and creditors with information useful in making investment and credit decisions;
2. to provide information useful in making organizational spending and service delivery decisions; and
3. to compensate for:
  - a. the presence of significant economic and political environmental incentives to governmental management inefficiency, and
  - b. governments' relative insulation from the controlling disciplinary forces of the competitive market place.

Uniform financial reporting is needed by governing boards and oversight bodies to help them satisfy their legal and political responsibilities. These uniform reports will help determine and demonstrate compliance with the various finance-related legal and contractual provisions. Furthermore, these reports will be used to assure acceptable governmental organizational performance and effective management stewardship.

In developing this highway accounting system, the overriding concern was that the highway system follows GAAP and provides necessary information for external reporting and billing. The system provides for expansion, to allow gathering additional data within the framework of the highway system. Separate cost accounting sub ledgers, fed by the same source data as the general ledger should be considered part of the highway accounting system.

This highway accounting system has been designed in accordance with generally accepted accounting principles so that it will mesh with a balanced fund (GAAP) county general ledger. This correlation will promote a unified approach to budgetary and accounting control and reduce the confusion caused by inconsistencies in county general ledger accounting and the previous highway system. Preparation of reports is also simplified by this unified approach.

## THE BASIS OF ACCOUNTING

County highway departments are to utilize accrual basis accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Accrual Basis: Recognizes transactions when they occur, regardless of the timing of related cash flows. This enhances comparability of financial statement representations from period to period and from county to county, as the actual receipt or disbursement data cannot distort the financial statements.

The measurement focus determines what is measured (expenditures or expenses).

The focus may be on "financial flow" information (the spending measurement focus/expenditures) or "capital maintenance" information (the cost of services measurement focus/expenses). Expenditures are determined by decreases in net financial resources, whereas expenses relate to the decreases in net total assets. An example of the expense versus expenditure concept is that if a piece of equipment is depreciated, the depreciation is an expense; however, the outlay for the purchase of the equipment is an expenditure. To further illustrate measurement focus and basis of accounting concepts, we will use the following example:

Purchase a truck on March 4; take delivery and write a check in payment for the truck on March 11.

### ACCRUAL BASIS

On March 4,  
    Debit capital outlay account on  
    Credit accounts payable.

On March 11,  
    Debit accounts payable,  
    Credit cash.

-----OR-----

On March 4,  
    Debit fixed asset account  
    Credit accounts payable

On March 11,  
    Debit accounts payable  
    Credit cash

(The Accrual Basis is the recommended method and used.)

County highway departments have a need to determine the cost of services provided. This is due to the significant amount of work done for others: work for local units of government; work for the state (state trunk highways); work for other county departments; and in some instances work for private parties.

In addition, reliable cost of services information is important for internal budgeting and decision-making (e.g., whether to use contractors for various projects).

## FUND STRUCTURE

**Background:** In accordance with generally accepted accounting principles (GAAP), governmental resources are allocated to and accounted for in separate sub entities. These sub-entities, called funds, are based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Three categories of funds are employed in governmental accounting; governmental, proprietary, and fiduciary.

Governmental funds are often called "expendable funds" and include the following types: the general fund, special revenue funds, capital projects funds, debt service funds, and special assessment funds. The governmental fund measurement focus is a spending measurement focus. This focus is on determination of financial position and changes in financial position, rather than upon net income determination. As a result, only current assets and liabilities are generally included on governmental fund balance sheets since the fund balance is a measure of available spendable resources.

Proprietary fund types are used to account for a government's ongoing organizations and activities, the costs of which are intended to be financed or recovered primarily through user charges, reimbursements, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The generally accepted accounting principles for these fund types are those applicable to similar businesses in the private sector, as is the measurement focus of income determination, financial position, and changes in financial position. Proprietary fund types lend themselves to providing cost of services and "capital maintenance" information. Enterprise funds and internal service funds are the types of proprietary funds.

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity, or as an agent for others. These include expendable trust funds, nonexpendable trust funds, pension trust funds, and agency funds.

Wisconsin county highway departments provide substantial amounts of services to the state and other municipalities. Work performed on state trunk highways by county highway departments is billed to the state on a cost-reimbursement basis. In addition, work done for other governmental units, private parties, and other county departments (or funds) require that costs of services be determined to establish adequate billing rates. This emphasis on cost of services indicates that the highway department is a "commercial-type" fund, with activities similar to those often found in the private sector and should be accounted for as a proprietary fund.

Within the category of proprietary funds, a distinction is drawn between enterprise funds and internal service funds. Enterprise funds are generally those financed through user charges to the general public. The more appropriate fund type for county highway departments is an internal service fund, which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or other governmental units, on a cost-reimbursement basis.

Use of an internal service fund to record highway department operations effectively charges all costs of the function to the internal service fund. The internal service fund then charges for all services performed to other county funds and account groups or outside parties (governmental or private). County appropriations for transportation activities should not be recorded in the internal service fund, but rather as revenue in the fund financing the charges of the internal service fund. Under this framework, the only costs of the highway department directly charged to other funds would be major construction contracts, land acquisition, and similar non-operating items directly charged to capital project funds or the general fund.

Highway department operations are most appropriately accounted for as an internal service fund, providing services to other county funds and outside customers, including the state, local units of government, and others. Use of this fund structure properly accounts for costs of operations and will result in consistent application of accounting principles on a statewide basis.

## AN INTERNAL SERVICE FUND:

The highway department, as an internal service fund, receives its revenue through charging users of the services the fund provides. Therefore, essentially all revenues recorded in the highway fund are charges for services. Items such as property taxes, federal revenue sharing, and transportation aids from the state should not be recorded as highway department internal service fund revenues. Rather such funds are used to pay for services the internal service fund provides to the county through the general fund or special revenue fund.

Example: The county decides to apply federal revenue sharing funds to finance a portion of winter maintenance. If we assume the federal revenue sharing funds are a special revenue fund for this, county winter maintenance performed by the highway internal service fund would be billed to the special revenue fund up to the amount of funds appropriated.

## THE FUNDAMENTAL ACCOUNTING EQUATION

Background: A separate account is required for each asset, liability, fund balance, revenue, and expense/expenditure for which a separate record is desired. In bookkeeping, the left side of any account is called the debit (DR) side and the right side is called the credit (CR) side. Debits and credits should not be confused with increases or decreases, except as they relate to specific accounts. Debits and credits are the fundamental elements in a double-entry bookkeeping system. Double-entry systems are such that every transaction affects and is recorded in two or more accounts with equal debits and credits. As a result, the sum of the debits in the ledger must equal the sum of the credits.

Reconciling the Books: The county highway department accounting system is based on generally accepted accounting principles as applied to an internal service fund. As such, the county highway department is based on generally accepted accounting principles as applied to a subsidiary ledger to the county general ledger.

**(Refer to WI State Statute Chapter 59.23 (2)(H)).**

## COUNTY CHART OF ACCOUNTS

The Chart of Accounts is a listing by account number of established account titles. Explanations are provided in the next section of this manual. The list of account titles presented is not exhaustive. The county highway department in cooperation with the County Clerk (Finance Director) should supplement these classifications in light of local circumstances.

The chart of accounts is based on the  
UNIFORM CHART OF ACCOUNTS FOR WISCONSIN COUNTIES  
Wisconsin Department of Revenue  
[DOR Chart of Accounts](#)

### ASSETS

Assets are resources owned or held by the county highway department which have monetary value. Assets include accounts such as cash, receivables from other governments and other county funds, inventories, prepayments, fixed assets and debt retirement resources. Valuation accounts related to receivables and fixed assets are included with these asset accounts. Transactions should distinguish between current and long-term assets.

### ASSET ACCOUNTS

- 11000 CASH
  - 11100 Treasurer's Working Cash
  - 11200 Cash Held by Other Departments
  - 11500 Restricted Cash and Investments
  - 11800 Petty Cash
- 12000 TAXES RECEIVABLE
- 13000 ACCOUNTS RECEIVABLE
  - 13100 Receivables for Goods and Services
  - 13600 Unbilled Accounts Receivable
    - 13630 Unbilled Transportation Cost Pool Revenues
    - 13631 Unbilled Fringe Benefit Revenue
    - 13632 Unbilled Small Tool Revenue
  - 13800 Other Receivables
  - 13900 Allowances for Uncollectible Receivables (Credit)
- 14000 DUE FROM OTHER GOVERNMENTS
  - 14100 Due from U.S. Government
  - 14200 Due from State of Wisconsin
  - 14400 Due from Cities, Villages and Towns
  - 14500 Due from Special Purpose Districts
  - 14600 Due from School Districts
- 15000 DUE FROM OTHER FUNDS
  - 15100 \*Due from General Fund
  - 15200 Due from Special Revenue Fund
  - 15300 Due from Debt Service Fund
  - 15400 Due from Capital Projects Fund
  - 15600 Due from Enterprise Fund
  - 15700 Due from Internal Service Fund
  - 15800 Due from Trust and Agency Fund

\*When fund designations are not available from the county, the general fund account may be used.



## ASSET ACCOUNTS (Continued)

### 16000 INVENTORIES & PREPAYMENTS

#### 16100 Inventories

- 16110 Consumable Materials &Supplies
- 16111 Construction &Maintenance Materials &Supplies
- 16112 Shop Materials and Supplies
- 16113 Gasoline and Diesel Fuel
- 16114 Lubricating Oils and Greases
- 16115 Pits and Quarries Materials and Supplies
- 16116 Bituminous Materials and Supplies
- 16120 Stores for Resale
- 16150 Gravel Products
- 16160 Bituminous Products

#### 16200 Prepaid Expenses

### 17000 LONG-TERM RECEIVABLES

#### 17100 Advances to Other Funds

- 17110 \*Advance to General Fund
- 17120 Advance to Special Revenue Fund
- 17130 Advance to Debt Service Fund
- 17140 Advance to Capital Projects Fund
- 17160 Advance to Enterprise Fund
- 17170 Advance to Internal Service Fund
- 17180 Advance to Trust and Agency Fund

#### 17200 Notes and Loans Receivable

#### 17300 Advances to Other Governments

#### 17500 Investment in Joint Ventures

### 18000 FIXED ASSETS

#### 18200 Land

#### 18300 Buildings

- 18390 Accumulated Provision for Depreciation - Buildings (Credit)

#### 18400 Improvements Other Than Buildings

- 18490 Accumulated Provision for Depreciation - Improvement Other Than Buildings (Credit)

#### 18500 Machinery and Equipment

- 18590 Accumulated Provision for Depreciation - Machinery and Equipment (Credit)

#### 18600 Gravel Pits and Quarries

#### 18700 Construction Work in Progress

#### 18800 Other Fixed Assets

- 18890 Accumulated Provision for Depreciation - Other Fixed Assets (Credit)

\*When fund designations are not available from the county, the general fund account may be used.

## LIABILITIES

Liabilities are the debts or other obligations of the county highway department which have resulted from past transactions and which must be paid or renewed in the future. Liability accounts include current payable accounts such as vouchers, annuities, contracts, and the amounts due other governments and other county funds. Long-term liabilities and other debts are also included under liabilities.

### LIABILITY ACCOUNTS

#### 21000 ACCOUNTS PAYABLE

- 21100 Accounts (Vouchers) Payable
- 21200 Temporary Notes Payable
- 21300 Matured Bonds, Notes and Interest Payable
- 21400 Bonds and Notes Payable (Current Portion)
- 21500 Payroll Deductions (Payable)
  - 21510 Employee Payroll Taxes Payable
  - 21511 Social Security Taxes Payable
  - 21512 U.S. Withholding Taxes Payable
  - 21513 State Withholding Taxes Payable
  - 21520 Retirement Deductions Payable
  - 21521 Due Wisconsin Retirement Fund
  - 21522 Due Other Retirement Funds
  - 21530 Insurance Deductions Payable
  - 21531 Health Insurance Deductions Payable
  - 21532 Life Insurance Deductions Payable
  - 21533 Catastrophic Insurance Deductions Payable
  - 21540 Charitable Contributions Payable
  - 21550 Union Dues Deductions Payable
  - 21560 Employee Savings Deductions Payable
  - 21561 Savings Bond Deductions Payable
  - 21562 Credit Union Deductions Payable
  - 21570 Tax Sheltered Annuity Deductions Payable
  - 21580 Garnishment Deductions Payable
  - 21590 Other Deductions Payable
- 21600 Accrued Interest Payable
- 21700 Accrued Wages Payable
- 21800 Unused Vested Employee Benefits
  - 21810 Unused Vacation Credits
  - 21820 Unused Sick Leave Credits
- 21900 Other Accounts Payable

#### 22000 PAYABLE FROM RESTRICTED ASSETS

- 22100 Construction Contracts Payable
- 22200 Matured Bonds and Interest Payable
- 22300 Bonds Payable (Current Portion)
- 22400 Accrued Interest Payable

#### 23000 SPECIAL DEPOSITS

- 23100 Treasurer
  - 23170 Performance Bond Deposits

#### 24000 DUE TO OTHER GOVERNMENTS

- 24200 Due to State of Wisconsin
  - 24210 Taxes
  - 24213 Sales Taxes
  - 24219 Other Taxes
  - 24220 Licenses and Permits
  - 24226 Wide load Moving Permits
  - 24229 Other licenses and Permits

### LIABILITY ACCOUNTS (Continued)

- 24400 Due to Cities, Villages and Towns
  - 24490 Other Accounts Due Cities, Villages & Towns
  - 24491 Road Aid to Cities, Villages and Towns
  - 24492 Bridge Aid to Cities, Villages and Towns
- 24500 Due to Special Purpose Districts
- 24600 Due to School Districts
- 25000 DUE TO OTHER FUNDS
  - 25100 \*Due to General Fund
  - 25200 Due to Special Revenue Fund
  - 25300 Due to Debt Service Fund
  - 25400 Due to Capital Projects Fund
  - 25600 Due to Enterprise Fund
  - 25700 Due to Internal Service Fund
  - 25800 Due to Trust and Agency Fund
- 26000 DEFERRED REVENUES
  - 26400 Unearned Revenues
    - 26430 Unearned Revenues from Transportation Cost Pools
    - 26431 Unearned Fringe Benefit Revenue
    - 26432 Unearned Small Tool Revenue
- 27000 ADVANCES FROM OTHER FUNDS
  - 27100 \*Advance from General Fund
  - 27200 Advance from Special Revenue Fund
  - 27300 Advance from Debt Service Fund
  - 27400 Advance from Capital Projects Fund
  - 27600 Advance from Enterprise Fund
  - 27700 Advance from Internal Service Fund
  - 27800 Advance from Trust and Agency Fund
- 29000 LONG-TERM DEBT
  - 29100 General Obligation
    - 29110 Bonds Payable
    - 29120 Notes Payable (Noncurrent portion)
    - 29130 State Trust Fund Notes Payable (Noncurrent portion)
    - 29140 Installment Contracts Payable (Noncurrent portion)
    - 29150 Capital Leases Payable
  - 29200 Mortgage Revenue Bonds Payable (Noncurrent portion)
  - 29600 Liability for Employee Benefits
    - 29610 Unfunded Liability for Wisconsin Retirement Fund
    - 29620 Accrued Employee Benefits
  - 29800 Unamortized Bond. Premium (Credit) or Discount (Debit)

\*May be used when not identified by fund type.

## FUND EQUITY

Fund equity is the amount by which the assets of a fund exceed the liabilities of the fund. In government fund types, the fund equity is called "Fund Balance". The fund equity of proprietary fund types includes "Contributed Capital" and "Retained Earnings", the general fixed asset account group fund equity is designated as "Investment of General Fixed Assets". There is no fund equity in agency or the general long-term debt group of accounts. Fund equity is classified as follows:

### FUND EQUITY ACCOUNTS

- 31000 CONTRIBUTED CAPITAL
  - 31100 Contributions from County
  - 31400 Contribution from State Government
  - 31900 Contribution from Others
- 33000 RETAINED EARNINGS
  - 33100 Retained Earnings-Reserved
    - 33110 Replacement of Fixed Assets
    - 33120 Debt Service
    - 33190 Other Reserve
  - 33900 Retained Earnings-Unreserved

## REVENUES

Revenues and other financing sources are to be classified by fund and source.

The classification presented includes revenues commonly found in a county highway department. This revenue listing is intended to provide a logically structured and reasonably complete revenue classification that will meet the managerial and reporting need of the county highway department.

### REVENUE ACCOUNTS

#### 41000 TAXES

##### 41100 \*Property

41110 General Property Taxes

41170 Motor Vehicle Taxes

##### 41200 \*Sales and Use

41220 Sales Tax -Retailer's Discount

#### 43000 INTERGOVERNMENTAL REVENUES

##### 43100 \*Federal General Revenue Sharing

##### 43200 \*Federal Grants

43220 Transportation

##### 43500 \*State Grants

43530 Transportation

43531 Local Transportation Aid

43532 Flood Damage

43534 Airports

43535 Mass Transit

43536 Railroads

43537 Other Transportation

##### 43700 \*Grants from Local Governments

#### 44000 LICENSES AND PERMITS

##### 44200 Nonbusiness Licenses

44260 Wide-Load Moving Permits

#### 45000 FINES, FORFEITS AND PENALTIES

##### 45200 Awards and Damages

45210 Contract Forfeitures

45220 Judgments and Damages

#### 46000 PUBLIC CHARGES FOR SERVICES

##### 46300 Transportation

46310 Highway Maintenance and Construction

46330 Parking

46340 Airport

46350 Mass Transit

46360 Railroads

46370 Docks and Harbors

46380 Bicycle Trails

46390 Parks

\*Are not intended to be used by the highway department (within the internal service fund) - see explanation of these accounts.

REVENUE ACCOUNTS (continued)

47000 INTERGOVERNMENTAL CHARGES FOR SERVICES

47100 Federal

47200 State

47210 General Government

47220 Public Safety

47230 Transportation

47240 Sanitation

47250 Health

47260 Human Services

47270 Culture, Recreation and Education

47280 Conservation and Development

47300 Other Local Governments

47310 General Government

47330 Transportation

47400 Local Governments

47410 General Government

47420 Public Safety

47430 Transportation

47440 Sanitation

47450 Health

47460 Human Services

47470 Culture, Recreation and Education

47480 Conservation and Development

48000 MISCELLANEOUS REVENUES

48100 Interest

48200 Rent

48300 Property Sales

48310 Gain or Loss on Disposition of Fixed Assets

48330 Sales of Materials and Supplies

48340 Sale of Salvage and Waste Products

48400 Insurance Recoveries

48500 Donations & Contributions from Private Organizations or Individuals

49000 OTHER FINANCING SOURCES

49200 Transfers from Other Funds

49210 Transfer from General Fund

49220 Transfer from Special Revenue Fund

49230 Transfer from Debt Service Fund

49240 Transfer from Capital Projects Fund

49260 Transfer from Enterprise Fund

49270 Transfer from Internal Service Fund

49280 Transfer from Trust and Agency Fund

## EXPENSES

Expenses are to be classified by fund, organizational unit, program, project and object. The classification presented includes expenses commonly found in a county highway department. This listing is intended to provide a logically structured and reasonably complete classification that will meet the managerial and reporting needs of the county highway department. The list of account titles presented is not exhaustive. The county highway department in cooperation with the County Clerk (Finance Director) should supplement these classifications in light of local circumstances. The county highway department's expenses are classified into five major categories: (1) Program (Appropriation); (2) Subprogram (Account); (3) line item; (4) Project; and (5) Activity.

### Program and Appropriation

A program is a device used to identify, define and reflect the work requirements of goals of an organization. It is used to communicate the effect, cost and performance of these same goals or requirements. Every program, if properly identified, becomes the subject of the budget process. The budget financing authorization is established in terms of the program and appropriation language and expense (dollar) amounts.

### Subprograms

The subprogram structure is a logical organization or arrangement of word picture statements that are representative of departmental activities. The subprogram structure attempts to inform those most generally in a position to pass judgment on the department's duties and their related costs of performance. The accounting control is established in terms of the Subprograms.

## PROGRAM & APPROPRIATION SUBPROGRAM & ACCOUNT

### 53100 HIGHWAY AND STREET ADMINISTRATION AND GENERAL

- 53110 Highway Administration
- 53120 Engineering (non project)
- 53180 Local County Aid Program
- 53181 Local Road Aids
- 53182 Local Bridge Aids
- 53190 Other Administration and General
- 53191 Supervision
- 53192 Radio Expenses
- 53193 General Public Liability

### 53200 TRANSPORTATION COST POOLS

- 53210 Employee Taxes and Benefits
- 53220 Field Small Tools
- 53230 Shop Operations
- 53232 Fuel Handling
- 53240 Machinery Operations
- 53250 Pit and Quarry Operations
- 53260 Bituminous Operations
- 53270 Buildings and Grounds Operations
- 53280 Equipment and Materials Acquisition
- 53281 Acquisition of Capital Assets
- 53282 Material Handling and Production
- 53290 Salt Brining (*new account*)

EXPENSES (continued)

53300 HIGHWAY AND STREET MAINTENANCE AND CONSTRUCTION

- 53310 County
- 53320 State Trunk Highways
- 53321 Maintenance
- 53322 Road and Bridge Construction
- 53323 Other
- 53330 Other Local Governments
- 53340 Local Departments
- 53350 Federal Government
- 53360 Non-Governmental Customers

53400 ROAD RELATED FACILITIES AND OTHER SERVICES

- 53410 Limited Purpose Roads
- 53420 Street and Highway Lighting
- 53430 Sidewalks
- 53440 Storm Sewers
- 53450 Parking Facilities
- 53470 Cost of Sales
- 53490 Other Road Related Facilities and Other Services

53500 OTHER TRANSPORTATION

- 53510 Airport
- 53520 Mass Transit
- 53530 Railroads
- 53540 Docks and Harbors
- 53550 Bicycle
- 53590 Parks

53600 SANITATION

- 53630 Solid Waste Disposal



## Uniform Chart of Accounts for Wisconsin Counties

SECTION: Additional Accounts Contained on  
Department of Revenue Schedules

REFERENCE: Appendices A & B

SUBSECTION: Explanation of Appendices A and B

DATE: October 1987

CLASSIFICATION:

PAGE: 1/1

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As noted in the Introduction to this manual, the Chart of Accounts will correspond with account codes and classifications appearing on the schedules contained in the state's Financial Report Form schedules that all counties must annually submit to the Department of Revenue. Due to the nature of these schedules, however, preparers will still have to merge or segregate some of their accounts (appearing in the Chart of Accounts) to arrive at the detail required in the schedules.

The accompanying Appendices A and B identify accounts contained on the Financial Report Form schedules which are not included in the Chart of Accounts. The accounts appearing on these schedules must periodically be revised due to changes in aid formulas for which the schedules provide data. For this reason, the additional accounts contained in the schedules are presented in appendices rather than integrated into the Chart of Accounts section of this manual.

A local government may want to consider adding accounts listed on Appendix A, whereas it most likely would not want to add those accounts appearing on Appendix B.

### Appendix A

This appendix contains accounts a local government may add to the existing Chart of Accounts so it more closely provides the detail required by the schedules. In many cases, however, it would be easier to determine this detail at the time the Financial Report Form schedules are prepared than to establish additional accounts in the accounting system for use throughout the whole year.

### Appendix B

This appendix contains accounts a local government would probably not want to add to the existing Chart of Accounts for one of the following reasons:

The account listed on the Financial Report Form schedules captures data from one or more accounts on the current Chart of Accounts and should be reserved for use on these schedules only. In some instances, the existing Chart of Accounts contains more detailed classifications than those appearing on the schedules. When this occurs, a local government would have no need to add the account listed on the schedules and in Appendix B because it represents an 11 catch-all classification. In other instances, the Chart of Accounts has an already established classification that may be used to capture the data needed for the schedules without adding a new account.

OR

The account listed on the schedules captures data for proprietary fund types (and similar trust funds) only. The existing Chart of Accounts was established primarily for the detailed classifications of governmental fund types. Most local governments would not benefit from assigning proprietary-fund-type account codes listed in Appendix B to their accounting system for the sole purpose of completing the Financial Report Form schedules.

Uniform Chart of Accounts for Wisconsin Counties

SECTION:	Additional Accounts Contained on Department of Revenue Schedules	REFERENCE:	Appendix A
SUBSECTION:	Revenues and Other Financial Sources	DATE:	April 1991
CLASSIFICATION:		PAGE:	1/3

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41000 Taxes

- 41115 Handicapped School Tax
- 41221 County Sales Tax
- 41222 Retailer's Discount (retained)
- 41900 Other Taxes

43000 Intergovernmental Revenues

- 43211 Law Enforcement Aid (federal)
- 43221 Highway
- 43227 Other Transportation
- 43261 Culture and Recreation
  
- 43262 Education
- 43271 Public Housing
- 43521 Law Enforcement Improvement
- 43522 Water Patrol
- 43523 Other Law Enforcement
- 43528 Emergency Government
- 43529 Other Public Safety
- 43531 Local Transportation (aid)
- 43532 Flood Damage
- 43533 Other (highway)
- 43537 Other Transportation
- 43545 Recycling Grant Program
- 43549 Other Sanitation
- 43571 Culture and Recreation
- 43572 Education
- 43581 Public Housing
- 43710 Highways and Bridges
- 43790 Other Local Government Grants

44000 Licenses and Permits

- 44900 Other Regulatory Permits and Fees

45000 Fines, Forfeits and Penalties

- 45221 Judgments and Damages Awards for Law Enforcement Equipment and Property
- 45222 Judgments and Damages Awards for Highway Equipment and Property
- 45223 Judgments and Damages Awards for Other Equipment and Property

46000 Public Charges for Services

- 46290 Other Public Safety
- 46399 Other Transportation

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47000 Intergovernmental Charges for-Services

- 47121 Law Enforcement Services
- 47122 Fire Services
- 47131 Transportation (highways and streets)
- 47181 Public Housing
- 47190 Other Services to Federal Government
- 47221 Law Enforcement Services
- 47222 Fire Services
- 47281 Public Housing
- 47323 Fire Services
- 47324 Ambulance Services
- 47325 Emergency Communication (911) - Law Enforcement Share
- 47326 Emergency Communication (911) - Other Than Law Enforcement
- 47331 Transportation (highways and streets)
- 47339 Other Transportation Services
- 47343 Solid Waste Disposal
- 47349 Other Sanitation Services
- 47390 Other Services to Other Local Governments
- 47381 Public Housing

48000 Miscellaneous Revenues

- 48301 Sale of Law Enforcement Equipment and Property
- 48309 Sale of Other Equipment and Property
- 48420 Insurance Recoveries for Damage to Law Enforcement Equipment and Property
- 48430 Insurance Recoveries for Damage to Highway Equipment and Property
- 48440 Insurance Recoveries for Damage to Other Equipment and Property
- 48900 Other Miscellaneous Revenues

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51000 General Government

- 51931 Law Enforcement Insurance (Financial Report Form D only)
- 51932 Highway Insurance (Financial Report Form D only)
- 51938 Other Insurance (Financial Report Form D only)
- 51980 Other General Government

52000 Public Safety

- 52601 Emergency Communication (911) - Law Enforcement Share
- 52609 Emergency Communication (911) - Other Than Law Enforcement

53000 Public Works

- 53311 Highway and Street Maintenance
- 53315 Highway and Street Construction
- 53420 Street (highway) Lighting
- 53635 Recycling Grant Program
- 53680 Other Sanitation

54000 Health and Human Services

- 54980 Other Health and Human Services

57000 Capital Outlay

- 57261 Emergency Communication (911) - Law Enforcement Share
- 57269 Emergency Communication (911) - Other Than Law Enforcement
- 57341 Limited Purpose Roads Outlay
- 57342 Street (highway) Lighting Outlay
- 57346 Parking Facilities Outlay
- 57351 Airport Outlay
- 57352 Mass Transit Outlay
- 57354 Dock and Harbor Outlay
- 57391 Other Transportation Outlay
- 57435 Recycling Grant Program
- 57510 Health Outlay
- 57520 Human Service Outlay

58000 Debt Service

- 58211 Law Enforcement
- 58221 Highway and Street
- 58230 Interest and Fiscal Charges - Solid Waste Disposal
- 58290 Other Interest and Fiscal Charges

Uniform Chart of Accounts for Wisconsin Counties

SECTION: Additional Accounts Contained on  
Department of Revenue Schedules

REFERENCE: Appendix B

SUBSECTION: Revenues and Other Financial Sources

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43000 Intergovernmental Revenues

43518 Internal Service-Non-Highway  
43690 Other State Payments

44000 Licenses and Permits

44260 Wide Load Moving Permits  
46000 Public Charges for Services  
46190 Other General Government  
46191 Data Processing  
46192 Central Equipment/Stores  
46193 Reproduction  
46199 Other Internal Service-Non-Highway Public Charges  
46319 Other Internal Service-Highway Public Charges  
46521 Nursing Home  
46522 General Hospital  
46590 Other Health services  
46750 Other Culture and Recreation

47000 Intergovernmental Charges for Services

47191 Other Services to Federal Government by Enterprises  
47192 Revenues from Non-Highway Activities in Highway Fund  
47193 Internal Service-Non-Highway  
47290 Other Services to State Government  
47291 Other Services to State Government by Enterprises  
47292 Revenues from Non-Highway Activities in Highway Fund  
47293 Internal Service-Non-Highway  
47391 Other Services to Other Local Governments by Enterprises  
47392 Revenues from Non-Highway Activities in Highway Fund  
47393 Internal Service-Non-Highway  
47491 Other Services to Local Departments by Enterprises  
47492 Revenues from Non-Highway Activities in Highway Fund  
47493 Internal Service-Non-Highway

48000 Miscellaneous Revenue

48110 Interest Income  
48612 Other Operating Revenues-Internal Service-Highway  
48613 Other Miscellaneous Internal Service-Highway  
48614 Revenues from Non-Highway Activities in Highway Fund  
48691 Enterprise  
48692 Internal Service-Operating Revenue  
48693 Internal Service-Non-Operating Revenue  
48910 Fiduciary/Pension Trust

Uniform Chart of Accounts for Wisconsin Counties

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REFERENCE: Appendix B

SUBSECTION: Expenditures/Expenses and Other Financial Uses

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- 51000 General Government  
51490 Internal Service
- 52000 Public Safety  
52900 Other Public Safety
- 53000 Public Works  
53110 Highway Administration  
53199 Other Highway and Street Administration and General  
53350 Federal Government  
53360 Non-Governmental Customers  
53470 Cost of Sales  
53490 Other Road Related Facilities  
53580 Other Transportation Facilities
- 55000 Culture, Recreation and Education  
55190 Other Culture
- 56000 Conservation and Development  
56900 Other Conservation and Development  
56910 Other Enterprises
- 57000 Capital Outlay  
57190 Other General Government  
57290 Other Public Safety  
57331 Highway and Street Outlay (local)  
57430 Solid Waste Disposal Outlay
- 59000 Other Financing Uses  
59910 Other Enterprise  
59930 Other Internal Service-Highway  
59940 Other Internal Service-Non-Highway  
59980 Fiduciary/Pension Trust

## OBJECT CODES

Objects of expense are used to classify the types of goods and services purchased in the course of operations. Objects of expense may be classified and recorded at different levels of detail depending on requirements of individual counties. However, the objects and codes provided in this manual should be used as a minimum level of detail.

The object codes in this manual have been derived from the structure established by the Wisconsin Department of Revenue in its Uniform Chart of Accounts for Wisconsin Counties. As a result it is anticipated that this general structure, expanded upon as necessary, could be part of a county-wide object code structure. When establishing additional codes it is recommended that the highway office consult with the county accounting office to maintain valid object codes across departmental lines.

### OBJECTS OF EXPENSE - LINE ITEMS

- 100 PERSONAL SERVICES (LABOR)
  - 110 Salaries
  - 120 Wages
  - 130 Employee Benefits
    - 131 Sick Leave Pay
    - 132 Vacation Pay
    - 133 Longevity Pay
    - 134 Holiday Pay
    - 135 Compensatory Pay
    - 136 Sick Leave Lump Sum Pay
    - 138 Other Leave With Pay
  - 140 Per Diem
  - 150 Employer Contributions
    - 151 Social Security
    - 152 Retirement (Employer's Share)
    - 153 Retirement (Employees' Share Paid by Employer)
    - 154 Hospital and Health Insurance
    - 155 Life Insurance
    - 156 Workers' Compensation
    - 158 Unemployment Compensation
    - 159 Other Employer Contributions
  - 190 Other Personal Services
    - 191 Accrued Vested Sick Leave Pay
    - 192 Accrued Vested Vacation Pay
- 200 CONTRACTUAL SERVICES
  - 210 Professional Services
    - 212 Legal
    - 213 Accounting and Auditing
    - 214 Data Processing
    - 215 Engineering Fees
    - 216 Janitorial
  - 220 Utility Services
    - 225 Telephone
    - 229 Other Utility Service
  - 230 Repair and Maintenance Services-Streets & Related Facilities
    - 231 Blacktopping
    - 232 Graveling
    - 233 Paving-Concrete
    - 234 Sanding
    - 235 Snow Removal
    - 239 Other Repair & Maintenance-Streets and Related Facilities

*OBJECT CODES continued)*

- 200 CONTRACTUAL SERVICES (continued)
  - 240 Repair and Maintenance Services-Other
    - 241 Motor Vehicles
    - 242 Other Machinery and Equipment
    - 243 Furniture and Furnishings
    - 245 Grounds and Ground Improvements
    - 246 Building Service Equipment
    - 247 Buildings
    - 249 Sundry Repair and Maintenance Services
    - 290 Other Contractual Services
- 300 SUPPLIES AND EXPENSE
  - 310 Office Supplies
    - 311 Postage and Box Rent
    - 312 Office Stationery and Forms
    - 313 Printing and Duplication
    - 314 Small Items of Equipment
    - 319 Other Office Supplies
  - 320 Publications, Subscriptions and Dues
    - 324 Membership Dues
    - 325 Registration Fees and Tuition
    - 329 Other Publications, Subscriptions and Dues
  - 330 Travel
    - 331 Motor Pool Charges
    - 332 Employee Automobile Allowance
    - 333 Vehicle Lease
    - 334 Commercial Travel
    - 335 Meals
    - 336 Lodging
    - 339 Other Travel
  - 340 Operating Supplies
    - 344 Janitorial Supplies
    - 346 Clothing and Uniforms
    - 348 Educational Supplies
    - 349 Other Operating Supplies
  - 350 Repair and Maintenance Supplies
    - 351 Fuel
    - 352 Oil, Grease and Anti-Freeze
    - 353 Machinery and Equipment Parts
    - 354 Painting Supplies
    - 355 Tires and Batteries
    - 356 Sundry Items
  - 360 Other Repairs and Maintenance Supplies
    - 361 Explosives
    - 362 Consumable Tools
    - 363 Sign Parts and Supplies
    - 364 Traffic Signal Supplies
  - 370 Road Supplies
    - 371 Crushed Stone
    - 372 Sand and Gravel
    - 373 Sodium Chloride
    - 374 Calcium Chloride
    - 375 Asphalt
    - 376 Road Oil and Emulsions
    - 379 Other
  - 380 Overhead Charges
    - 381 Shop Overhead
  - 390 Other Supplies and Expense



*OBJECT CODES continued)*

- 500    FIXED CHARGES
  - 510 Insurance
    - 511 Insurance on Buildings
    - 512 Insurance on Vehicles and Equipment
    - 513 Public Liability
    - 514 Professional Liability
    - 515 Insurance on Boiler
    - 519 Other Insurance
  - 520 Premiums on Surety Bonds
    - 521 Officials Bonds
    - 522 Employee Bonds
  - 530 Rents and Leases
    - 531 Land
    - 532 Buildings and Offices
    - 533 Equipment
    - 534 Machinery
    - 539 Other Rents and Leases
  - 540 Depreciation and Amortization
    - 541 Provision for Depreciation
    - 542 Provision for Amortization
- 600    DEBT SERVICE
  - 620 Interest
  - 690 Other Debt Service
- 700    GRANTS, CONTRIBUTIONS, INDEMNITIES AND OTHER
  - 730 Awards and Indemnities
    - 732 Compensation for Damages
  - 740 Losses
    - 748 Net Loss on Fixed Assets
  - 790 Other Grants, Contributions and Indemnities
    - 791 Aids to Localities
- 800    CAPITAL OUTLAY
  - 810 Capital Equipment
  - 820 Capital Improvements
  - 850 Right of Way Acquisition
- 900    COST ALLOCATIONS (CREDITS)
  - 910 Employee Benefits and Payroll Taxes
    - Include OPEB (GASB 45)
  - 920 Field Small Tools
  - 930 Shop Services
  - 931 Fuel Handling Charge
  - 940 Machinery Rental
  - 950 Building Space Rental
  - 960 Pit and Quarry Products
  - 970 Bituminous Products
  - 980 Equipment and Materials Acquisition
    - Brine Making added to 980

### Projects

A project is a cost account established to isolate the costs of a specific operation or service. Each transaction must contain the appropriate project and subprogram codes. Project codes are to be assigned for every project and are recommended to be identified by a three-digit number. Alternatively the county may adopt any adequate project numbering system or may use the state project number for applicable projects.

### Activity Codes

An activity is a task or service (worthy of note) performed by an employee toward the accomplishment of a goal or objective. Activity codes are assigned for various activities which must be used for billing the state or services. These mandatory codes are presented in Appendix C. For non-state services, use of activity codes is an optional method of providing more detailed financial management information.

## EXPLANATION OF ACCOUNTS

### ASSETS

#### **11000 CASH**

All cash chargeable to the county treasurer and highway commissioner will be recorded in these accounts. Detail accounts shall distinguish restricted cash (e.g. bond proceeds) from general operating funds.

##### 11100 Treasurer's Working Cash

Currency, coin, checks, postal and express money orders, and bankers' drafts on hand or on deposit with the County Treasurer, and available for general operations.

Debit this account for receipts and credit the appropriate revenue/receivable or liability account.

Credit this account for disbursements and debit the appropriate asset or payable/expense account.

NOTE: Some highway departments may have separate cash accounts rather than depositing funds in the county treasurer's account. While this position is strongly discouraged, the following account has been provided in the Department of Revenue Uniform Chart of Accounts.

##### 11200 Cash Held by Other Departments

Cash on hand or on deposit in the highway department and available to finance operations.

##### 11500 Restricted cash and Investments

Cash restricted from general use (e.g. the unexpended proceeds from bond issues) shall be recorded here with detail accounts as appropriate.

The most common restricted cash is proceeds of debt. The purpose of this account is to use the accounting system to determine the cash is used for the purposes for which it was borrowed. Debit this account for receipts and credit the appropriate revenue/receivable or liability account. Credit this account for disbursements and debit the appropriate asset or payable/expense account.

##### 11800 Petty Cash

A sum of money set aside for the purpose of making change or paying small obligations for which the issuance of a formal voucher and check would be too expensive and time consuming. If the Highway Commissioner has a "cash" account, this account should be accounted for as petty cash.

Debit this amount and credit Working Cash (11100) when established or increased. Debit the appropriate expense accounts and credit Working Cash (11100) when petty cash is replenished. This account should be supported by detail necessary to replenish the original amount.

ASSETS (Continued)

[Indicates accounts are not recommended for use within the internal service fund.]

[12000 TAXES RECEIVABLE]

Taxes receivable should not be accounted for within the highway internal services fund. Accounting for taxes should be handled by the county accounting system, unrelated to highway department accounting.

**13000 ACCOUNTS RECEIVABLE**

The amounts due the county for current open accounts to the general public will be recorded in these accounts. The amounts due from state and local governments or districts and other funds are recorded elsewhere (see 14000/15000).

13100 Receivables for Goods and Services

Charges for services rendered and supplies furnished individuals and others. Detail accounts (using a subsidiary ledger) are recommended for identifying receivables by customer.

Debit this account and credit the appropriate revenue account for invoices (billings) prepared. Credit this account and debit cash for collection of receivables.

13600 Unbilled Accounts Receivable

This account will reflect the amount of accounts receivable for services provided but not yet filled.

13630 Unbilled Transportation Cost Pool Revenues

The amount of unbilled revenues from transportation cost pools for employee taxes and benefits (53210) and field small tools (53220) are debited here at year-end.

13631 Unbilled Fringe Benefit Revenue

13632 Unbilled Small Tool Revenue

13800 Other Receivables

Outstanding insurance claims, overpayments, and other unclassified receivables, not resulting from normal services provided.

Debit this account and credit the appropriate revenue or expense accounts. Credit this account and debit cash for collections on this account.

13900 Allowance for Uncollectible Receivables (Credit)

Depending on past experience and the volume of uncollectible accounts it may be necessary or advisable to establish this allowance account. However, most county highway departments do not have a significant amount of uncollectible accounts. This account should only be used when necessitated by local conditions.

Debit the expense to administration and credit here the allowances established. Debit this allowance and credit the receivable account for accounts receivable written off.

**14000 DUE FROM OTHER GOVERNMENTS**

The amounts due the county from state and local governments or other districts which are subject to current settlement will be recorded in these accounts. These asset accounts are summary accounts. The revenue (4) and expense (5) accounts provide the detail (projects) through specific billings.

**14100 Due from U.S. Government**

Amounts due from the federal government and its agencies which are subject to current settlement including charges for services to National Parks or Forests.

Debit this account and credit the 47100 revenue series for services performed. Credit this account and debit cash for collections from the federal government on this account.

**14200 Due from State of Wisconsin**

The amounts due from the State of Wisconsin which are subject to current settlement including the charges to the Department of Transportation for services rendered in maintaining the state trunk highway system.

Debit this account and credit the appropriate revenue account for billings.

Credit this account and debit cash for collections on this account.

**14400 Due from Cities, Villages and Towns**

The amounts due from cities, villages and towns which are subject to current settlement including the charges to the districts for services rendered in maintaining the local roads and streets.

Debit this account and credit the appropriate revenue account for billings.

Credit this account and debit cash for collections on this account.

**14500 Due from Special Purpose Districts**

**14600 Due from School Districts**

The amounts due from special purpose or school districts for services rendered.

Debit the appropriate account shown above and credit the appropriate revenue account for billings.

Credit this account and debit cash for collections on this account.

## ASSETS (Continued)

### **15000 DUE FROM OTHER FUNDS**

The interfund receivables subject to current settlement will be recorded in these accounts. The recognition of an interfund receivable in one fund requires the recognition of an interfund payable in another. The aggregate amount of interfund receivables must equal the aggregate amount of interfund payables in the county's records.

- 15100 Due from General Fund
- 15200 Due from Special Revenue Fund
- 15300 Due from Debit Service Fund
- 15400 Due from Capital Projects Fund
- 15600 Due from Enterprise Fund
- 15700 Due from Internal Service fund
- 15800 Due from Trust and Agency Fund

Note: These accounts are established for fund accounting. If the county does not account by fund, use the Due from General Fund (15100) account to record amounts due from other departments. Debit this account and credit the appropriate revenue account in the 47400 series when billing another county department for goods or services provided by the highway department.

### **16000 INVENTORIES AND PREPAYMENTS**

Materials and supplies on hand and charges for benefits not yet received are recorded in these accounts.

#### 16100 Inventories (Summary Account)

Materials and supplies on hand for future program consumption or for resale. Inventories must be recorded on a first in, first out (FIFO) basis or a moving average cost basis. Detail accounts are provided to distinguish between materials to be used by the department and those held for resale, etc.

In addition, it is recommended that the fifth digit of the account number be used to identify classes of inventory to facilitate adjustments discussed below.

Credit entries to inventory accounts should be made at least monthly. The credits should be offset by debits to appropriate expense accounts and sales of inventories should not short cut the revenue/expense accounts. A physical inventory should be taken at least once a year and the balance in this account should be adjusted for inventory variations.

Inventory variations arising from shop materials, fuel, lubricants, etc. should be adjusted through account 53230, Shop Operations at the appropriate line item. Adjustments for variations related to pits and quarries or bituminous operations will similarly be accounted for within the appropriate cost pool. Variations in inventories of materials and supplies for maintenance and construction are made to account 53310, County Maintenance and Construction.

Note: Inventories of materials supplied by the state and held or stored by the county should be maintained on a memo basis, utilizing quantities only. Dollar values for the inventory of materials held by the county for the state are not generally available.

## ASSETS (Continued)

#### 16110 Consumable Materials and Supplies

Items should be segregated in the following groups due to various accounts affected by adjustments:

- 16111 Construction and Maintenance Materials and Supplies  
(Includes gravel or bituminous purchased for inventory)
- 16112 Shop Materials and Supplies
- 16113 Gasoline and Diesel Fuel
- 16114 Lubricating Oils and Greases
- 16115 Pits and Quarries Materials and Supplies (Raw Materials)
- 16116 Bituminous Materials and Supplies (Raw Materials)  
Materials and supplies held on hand by the county for future program consumption. Debit this account with the cost of purchases to be held in store room or stockpile and with the cost of material returned to stock. Credit this account for materials issued from stock (by general journal entry) and debit the appropriate expense accounts. Such credit entries should be supported by material requisitions or work orders.

16120 Stores for Resale

The book value of goods held by the county for resale rather than for use in its own operations. (NOTE: This account is a refinement which need not be used unless significant inventory is held for resale.)

Debit this account with the cost of purchases to be held in store room or stockpile with the cost of material returned to stock. Credit this account for materials issued from stock (by general journal entry) and debit the appropriate receivable or expense accounts. Such credit entries should be supported by bills of sale or invoices.

16150 Gravel Products

The gravel products produced by the county. (Purchased products for inventory are debited to account 16111).

Debit this account with the cost of gravel products transferred to the stockpile from the gravel service center using the current cost to produce the product. A detail of the various grades of product and their costs is necessary. Credit this account for gravel products issued from stock (by general journal entry) and debit the appropriate receivable or expense accounts. Such credit entries should be supported by material requisitions, work orders, or invoices.

16160 Bituminous Products

The bituminous products produced by the county. (Purchased products for inventory are debited to account 16111).

Debit this account with the cost of bituminous products transferred from the service center to the stockpile using the current cost to produce the product. Credit this account for bituminous products issued from stock (by general journal entry) and debit the appropriate receivable or expense accounts. Such credit entries should be supported by material requisitions, work orders, or invoices.

NOTE: Inventories are to be recorded at the lesser of cost or fair market value. If costs for gravel or bituminous products are significantly higher than the fair market value, an adjustment to the inventory may be necessary.

## ASSETS (Continued)

### 16200 Prepaid Expenses

Charges entered in the accounts for benefits not yet received.

Prepaid items usually are regularly recurring costs of operations, including payments for rent, interest, and unexpired insurance premiums.

Debit this account with the cost of the total prepaid purchase of services. Credit this account for the calculated monthly cost for services (by general journal entry) and debit the appropriate expense accounts. Such credit entries should be supported by a calculation document.

A review of this account should be made at least once a year and the balance in this account should be re-calculated and adjusted for variations (with supporting documentation).

### **17000 LONG-TERM RECEIVABLES**

#### 17100 Advances to Other Funds

The amounts of (county-wide) interfund loans and advances which are subject to repayment but are not subject to current settlement will be recorded in these accounts. The recognition of an interfund receivable in one of the county's funds requires the recognition of an interfund payable in another fund.

- 17110 Advance to General Fund
- 17120 Advance to Special Revenue Fund
- 17130 Advance to Debt Service Fund
- 17140 Advance to Capital Projects Fund
- 17160 Advance to Enterprise Fund
- 17170 Advance to Internal Service Fund
- 17180 Advance to Trust and Agency Fund

NOTE: These accounts are established for fund accounting. If the county does not account by fund, or fund designation is unavailable, use the general fund (17110) account. Debit this account when the funds are advanced from the highway department. Credit this account when the funds are returned or when the advance becomes subject to current settlement and is reclassified to due from Other Funds.

#### 17200 Notes and Loans Receivable

#### 17300 Advances to Other Governments

#### 17500 Investment in Joint Ventures

The appropriate above account should be used when the receivable under consideration is not currently available to finance operations



## 18000 FIXED ASSETS

Highway department plant and equipment, or fixed assets, include all long-lived assets used by the department in its operations. All plant and equipment items provide services over a period of years and are acquired for use rather than for resale. All fixed assets have a limited useful life, with the exception of land, and therefore the costs of fixed assets are allocated to the period receiving the services of the asset. This allocation of cost is known as depreciation.

Identifying capital expenditures: To obtain meaningful, consistent accounting information, an important distinction must be understood between current operating costs and capital expenditures. In the broad sense, any expenditure that provides services or benefits to more than the current accounting period is a capital expenditure. However, for practical purposes some matters of accounting convenience, such as a threshold for fixed assets to be capitalized, are adopted.

Plant and equipment are to be recorded at cost. To avoid excessive accounting effort and for consistency, a threshold of \$5,000 has been established for determining whether an item should be expensed when purchased, even though it may benefit more than one year, or capitalized as a fixed asset. An exception to this rule is that all classified equipment (as determined by the Machinery Management Committee) must be recorded as a fixed asset regardless of cost. For group purchases totaling more than \$5,000 refer to county's own policy for capitalization requirements.

After acquisition, the expenditures for additions, betterments, replacements, and repairs of fixed assets must also be examined to determine whether these costs are current expenses, or if the costs should be capitalized.

Repairs – ordinary repair and maintenance that do not add to the capabilities or useful life of the item should be expensed in the current period. If the capability of the asset is increased, the repair becomes a betterment and the costs should be capitalized by debiting the fixed asset account. If the useful life of the asset is increased, the repair should be capitalized by debiting the accumulated depreciation account.

Additions – additions of fixed assets or to existing assets should be capitalized if they meet the threshold criteria. If, in the course of the addition, any existing asset is removed, that asset or part of an asset should be removed from the fixed asset account.

As an additional method of providing consistency in the accounting system, the full cost of all repairs or betterments exceeding or equaling 25% of the gross capitalized cost of an asset, must be capitalized. Capitalization of minor repairs or betterments is not allowable. In no case should a repair less than \$1,250 (25% of the \$5,000 threshold) be capitalized. When incurring expenditures for capitalization repairs these costs should be debited to the acquisition cost pool (53281) to accumulate total costs and maintain expenditure control prior to capitalization.

**Note: Exceptions to this may be approved on a case by case basis if warranted. An example of an appropriate exception could involve a building renovation not meeting the 25% threshold but involving an appropriate capital expenditure.**

### ASSETS (Continued)

After determining the cost of the repair, and determining that it should be capitalized, the amount must be identified as either a major repair, a betterment, or possibly a combination. To capitalize the cost, betterments are recorded as additions to the cost of the asset (debit fixed asset account, credit acquisition cost pool). Capitalized major repairs are treated as reductions in accumulated depreciation (debit accumulated provision for depreciation, credit acquisition cost pool). If the capitalized major repair exceeds the accumulated depreciation, the amount of repair costs in excess of the accumulated depreciation is recorded as an addition to the cost of the asset, (debit accumulated provision for depreciation, debit fixed asset account, and credit the acquisition cost pool). Both situations result in an increase in net book value of the asset, however, a betterment affects the annual depreciation recognized (calculated by taking book value divided by the remaining life), while a capitalized major repair simply extends the period over which the asset is depreciated..

Cost of plant and equipment includes the total cash outlay, or its equivalent, made to acquire the asset and put it in operating condition. For the purposes of determining the cost when machinery or equipment is traded in, cost will be any cash plus the book value of the item(s) traded. For a method of accumulating such costs appropriate for capitalization, use of the acquisition cost pool, 53281, is suggested.

When a fixed asset is disposed of, the depreciation should first be adjusted to record the expense up to the date that the asset was removed from service. The disposition is then recorded by crediting the fixed asset account for the gross capitalized cost and debiting the accumulated provision for depreciation of the total accumulated credits. The difference between these debits and credits, known as the net book value, is treated according to the situation as described:

Trade-in: when an asset is traded in on another asset, the debit for the net book value should be made to the asset acquisition cost pool for the asset being acquired. This is in accordance with the policy of adding the net book value of assets traded to the cash paid to establish the cost of an asset, as required by the Machinery Management Committee.

Sale: if an asset is sold, a debit to cash (or a receivable account) is made for the amount of the sale price. When the sale price exceeds the net book value a credit is recorded in the Gain or Loss on Disposition of Fixed Assets Account, 48310. Conversely, if the sale is less than the net book value a debit is recorded in Account 48310. At year-end, all gains or losses are closed through the appropriate cost pool. When the sale price exceeds the net book value a credit is recorded in the appropriate account (for most assets, the machinery cost pool, 53240) at the depreciation object code (541) and account 48310 is debited. If the sale is less than the net book value a debit is recorded in the same account, indicating a loss and Account 48310 is credited.

**NOTE: This treatment of gain or loss on sales of fixed assets as an adjustment to current depreciation is not consistent with Generally Accepted Accounting Principles (GAAP), but is required for classified equipment by the Machinery Management Committee. It is recommended that the same procedure be followed for sale of non-classified equipment to be consistent.**

## ASSETS (Continued)

### **LEASES (GASB 87 EFFECTIVE 12/15/2019)**

GASB 87 provides for three accounting treatments: short-term leases, contracts that transfer ownership, and contracts that do not transfer ownership — a catchall for all remaining leases of nonfinancial assets.

Without the need to distinguish between operating and finance leases, the new GASB standard will improve the recognition of leased assets and related liabilities and improving the comparability of financial statements among governmental entities.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease 12 Months or less, or if it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

#### 18200 Land

Land owned by the county highway department. The land expense includes the purchase price and costs of legal fees, filling and excavation and the like necessary to put the land in a condition acceptable for its intended use. Right of way purchased is not charged to this account, but to the particular project involved.

Debit the cost of the land at the time of purchase. Keep subsidiary records for each parcel purchased.

#### 18300 Buildings

Permanent structures owned by the county highway department and improvements thereon. The expense should reflect the purchase price or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings.

Debit the original purchase price here. Keep subsidiary records for each building.

ASSETS (Continued)

**18000 FIXED ASSETS (continued)**

18390 Accumulated Provision for Depreciation – Buildings (credit)

The accumulation of periodic credits made to record the expiration in service life of buildings.

Credit the periodic depreciation charges here when debiting depreciation expense.

18400 Improvements Other Than Buildings

Facilities owned by the county highway department that support the permanent structures owned by the department. Land improvements include wells, septic tanks, parking lots, landscaping, yard grading and surfacing, driveways, fence, curbs, gutters and sidewalks.

Debit the original cost of such improvements here. Keep subsidiary records for each improvement.

18490 Accumulated Provision for Depreciation – Improvements Other Than Buildings (Credit)

The accumulation of periodic credits made to record the expiration in service life of support facilities.

Credit the periodic depreciation charges here when debiting depreciation expense.

18500 Machinery and Equipment

Tangible property of a more or less permanent nature, other than land or buildings and improvements thereon. Highway related trucks, equipment and appropriate attached fixtures such as plows are included in this account.

Debit the original cost to acquire and place each item in service here.

Keep subsidiary records for each unit of equipment.

For state rated equipment to get the proper classification, depreciation life, and billing rate for rated equipment refer [Highway Maintenance Manual Chapter 2](#) .

**For Standard Equipment – Chapter 2-25-50 Non Standard – Chapter 2-25-55**

**See Depreciation Table below**

Type	Estimated Life
Radio Equipment	10
Bulk Storage Tanks – Fuel	15
Bulk Storage Tanks – Bituminous	30
Fuel Dispensing Equipment	15
Shop Equipment	15
Office Equipment	10
Computer Equipment	6
Buildings other than Salt Sheds	40
Salt Sheds	25
Land Improvements	25
Storage Tanks (Calcium Chloride, Salt Brine)	15
Salt Brine Maker	15
Gravel Stone Plants	10

**18590 Accumulated Provision for Depreciation – Machinery and Equipment (Credit)**

The accumulation of periodic credits made to record the expiration in service life of highway related machinery and equipment.

Credit the periodic depreciation charges here when debiting depreciation expense.

ASSETS (Continued)

**18000 FIXED ASSETS (continued)**

18600 Gravel Pits and Quarries

Land purchased for gravel pits and quarries. The land expense includes the purchase price and costs of legal fees, preliminary surveys, plans, and other preliminary engineering, filling and excavation and the like necessary to put the land in a condition acceptable for a gravel pit or rock quarry.

Debit the cost of the land at the time of purchase. At least once a year, record depletion of the land by crediting this account. Depletion is determined by allocating the cost of the pit to the estimated units of output determined for the pit.

Keep subsidiary records for each parcel purchased.

18700 Construction Work in Progress

The not completed construction work undertaken by the county. Upon completion of this construction, this account will be credited and the appropriate fixed asset account will be debited for the same amount. This account (or a sub-account within this designation) should include at the balance sheet date other fixed assets in a preparatory stage prior to being put into service (from the acquisition cost pool, 53280).

Debit the payments made for work in progress (not yet in service) here.

All projects should be detailed by subsidiary records.

18800 Other Fixed Assets

Other tangible property which cannot be classified or included in other accounts. Office equipment, engineering equipment, and furnishings are included in this account.

Debit the original cost of such assets here.

Keep subsidiary records for each item.

18890 Accumulated Provision for Depreciation – Other Fixed Assets (Credit)

The accumulation of periodic credits made to record the expiration in service life of other highway related fixed assets.

Credit the periodic depreciation charges here when debiting depreciation expense.

## LIABILITIES

### **21000 ACCOUNTS PAYABLE**

Amounts owed on open accounts to private persons or organizations for goods and services furnished to a government.

#### **21100 Accounts (Vouchers) Payable**

The liabilities on open accounts owing to private persons, firms, or corporations for goods and services received by a county.

Accounts payable must be recorded at the close of the year to report expenses in the year they are incurred. The balance in this account should be supported by a detail accounts payable ledger or by a list of vouchers. More frequent accrual of payables is an option of the county.

#### **21200 Temporary Notes Payable**

The face value of all notes payable within one year from the date of issue. The temporary notes payable must be credited upon issue and debited when the notes are repaid. (Notes not payable within one year from the date of issue are recorded as long-term debt, 29000 accounts.)

#### **21300 Matured Bonds, Notes and Interest Payable**

The face value of bonds and notes which have reached or passed their maturity date, but which remain unpaid.

This account shall also include the amount of interest on bonds and notes which has matured but remains unpaid.

#### **21400 Bonds and Notes Payable (Current Portion)**

This account shall include the face value of bonds and notes maturing within one year from the date of the balance sheet.

#### **21500 Payroll Deductions Payable (Summary Account)**

Payroll deductions from employees' salaries and wages. These payroll accounts will be credited when payrolls are recorded. The accounts will be debited when the amounts withheld are disbursed to the agencies or parties for whom deductions were authorized. Detail records must be maintained at all times to include the composition of account balances in a manner satisfactory to the county.

County highway departments will utilize specific accounts in computerized accounting or payroll systems. Specific account numbers are provided for the more common payroll deductions. Additional accounts will be used in counties where deductions are authorized for purposes other than those provided above. Detail accounts shown below (indicated by an \*) are optional and do not appear in the Department of Revenue numbering scheme.

County highway departments with manual accounting systems should use the summary account number (21500) to record the payable payroll deductions at year end.

LIABILITIES (continued)

21510 Employee Payroll Taxes Payable

21511 Social Security Taxes Payable

21512 U.S. Withholding Taxes Payable

21513 State Withholding Taxes Payable

21520 Retirement Deductions Payable

\*21521 Due Wisconsin Retirement Fund

\*21522 Due Other Retirement Funds

21530 Insurance Deductions Payable

\*21531 Health Insurance Deductions Payable

\*21532 Life Insurance Deductions Payable

\*21533 Catastrophic Insurance Deductions Payable

21540 Charitable Contributions Payable

21550 Union Dues Deduction Payable

21560 Employee Savings Deductions Payable

\*21561 Savings Bond Deductions Payable

\*21562 Credit Union Deductions Payable

21570 Tax Sheltered Annuity Deductions Payable

21580 Garnish Deductions Payable

21590 Other Deductions Payable

\*Optional accounts – this breakdown does not appear in the Department of Revenue chart of accounts for Wisconsin Counties.

21600 Accrued Interest Payable

The amount of interest accrued at the end of a period but which is not due until a later date. Accrued interest payable from restricted assets should be recorded in Account 22400.

21700 Accrued Wages Payable

Wages earned by employees at the balance sheet date but not yet due.

21800 Unused Vested Employee Benefits

Balances in the employee benefit accounts represent the determinable and vested unused vacation and leave credits earned by employees. The accrual of such credits is required for proprietary fund accounting.

21810 Unused Vacation Credits

21820 Unused Sick Leave Credits



## LIABILITIES (continued)

### 21900 Other Accounts Payable

The collections and sundry amounts due others for which no other account has been provided. The account will be debited when the items are paid to the party for whom the item was held.

### **22000 PAYABLE FROM RESTRICTED ASSETS**

Restricted assets are monies or other resources which are restricted for specific uses by legal or contractual requirements. Generally accepted accounting principles require the segregation of payables from restricted assets from other payables for financial statement purposes.

#### 22100 Construction Contracts Payable

Amounts due on construction contracts, to be paid from restricted resources, shall be recorded in this account.

#### 22200 Matured Bonds and Interest Payable

This account shall include the face value of bonds which have reached or passed their maturity date but which remain unpaid. This account shall also include the amount of interest on bonds which has matured but remains unpaid.

#### 22300 Bonds Payable (Current Portion)

This account shall include the face value of bonds maturing within one year from the date of the balance sheet.

#### 22600 Accrued Interest Payable

This account represents the amount of accrued interest payable from restricted assets for a period but which is not due until a later date.

### **23000 SPECIAL DEPOSITS**

Amounts deposited with the various county officials and department heads will be recorded in these accounts. Amounts held by the county treasurer are included in Treasurer's Cash and/or Marketable Securities (11100/11300) while amounts held by other officials and department heads are included in Departmental Cash and/or Marketable Securities (11500/11700). Use of codes 11300 or 11700 is typically restricted to the treasurer, who is responsible for cash management, and do not appear in this limited chart of accounts.

#### 23100 Treasurer

##### 23170 Performance Bond Deposits

The amounts deposited with the county treasurer in accordance with certain statutory requirements or to ensure proper performance by the depositor. The accounts will be debited when disposition is made of the amounts held.

(Note: It is important that all cash or checks received, including performance deposits, be deposited with the treasurer as soon as possible. Checks should not be held for later return or deposit.)

LIABILITIES (continued)

**24000 DUE TO OTHER GOVERNMENTS**

The amounts owed other governments subject to current settlement.

24200 Due to State of Wisconsin

The amounts owed to state which are subject to current settlement.

24210 Taxes

Taxes imposed by the state and collected by the county are credited here. Payments of taxes collected for the state will be debited to these accounts. In addition, whenever sales taxes are reported to the state, an entry will be necessary to debit these accounts and credit a revenue account for the retained collection fee.

The following accounts are provided:

24213 Sales Taxes  
24219 Other Taxes

24220 Licenses and Permits

The state's share of license and permit collections by the county will be credited and payments to the state for such collections will be debited, to these accounts.

The following detail accounts are provided:

24226 Wide Load Moving Permits  
24229 Other Licenses and Permits

24400 Due to Cities, Villages and Towns

The amounts owed other local districts which are subject to current settlements.

24490 Other Accounts Due Cities, Villages and Towns

The amounts due the local tax district for road and bridge aids will be credited to this account. Payments to the districts for highway –related work will be a debit to this account.

If the county prefers detail accounts distinguishing between road and bridge programs such accounts are provided:

24491 Road Aid to Cities, villages and Towns  
24492 Bridge Aid to Cities, Villages and Towns

A subsidiary ledger must be maintained to provide a detail of the road and/or bridge aids for each local unit of government. (One method of recording this information may be to utilize the three-digit field for projects which are vacant as it pertains to this liability account).

24500 Due to Special Districts

24600 Due to School Districts

LIABILITIES (continued)

**25000 DUE TO OTHER FUNDS**

Interfund payables subject to current settlement will be recorded in these accounts. The recognition of an interfund payable in one fund requires the recognition of an interfund receivable in another. Because of this relationship, the aggregate amount (on a county-wide basis) of interfund payables must equal the aggregate amount of interfund receivables at all times.

25100	<u>Due to General Fund</u>
25200	<u>Due to Special Revenue Fund</u>
25300	<u>Due to Debit Service Fund</u>
25400	<u>Due to Capital Projects Fund</u>
25600	<u>Due to Enterprise Fund</u>
25700	<u>Due to Internal Service Fund</u>
25800	<u>Due to Trust and Agency Fund</u>

NOTE: These accounts are established for fund accounting. If the county does not account by fund, or the fund designation is unavailable, use the general fund (25100) account. Credit this account for temporary advances (less than one year) or other payables. Debit the same account when the funds are returned.

**26000 DEFERRED REVENUES**

The amounts of taxes and other revenues collected before they were earned or qualified as current revenue. This liability account normally will not be used in the highway department, except for the following account.

**26400 Unearned Revenues**

Unearned Revenues from Transportation Cost Pools

The amounts of billings exceeding costs that result from rate variations in highway department cost pools. Amounts to be included here are year-end over-recoveries from the employee taxes and benefits (53210) and field small tools (53220) cost pool.

26431	Unearned Fringe Benefit Revenue
26432	Unearned Small Tool Revenue

**27000 ADVANCES FROM OTHER FUNDS**

The county-wide interfund loans and advances which are subject to repayment, but, are not subject to current settlement will be recorded in these accounts. The recognition of an interfund payable in one of the county's funds requires the recognition of an interfund receivable in another. This relationship requires that the aggregate amount (on a county-wide basis) of advances from other funds liability accounts be equal at all times to the aggregate amount of advances to other funds accounts.

27100	<u>Advance from General Fund</u>
27200	<u>Advance from Special Revenue Fund</u>
27300	<u>Advance from Debit Service Fund</u>
27400	<u>Advance from Capital Projects Funds</u>
27600	<u>Advance from Enterprise Fund</u>
27700	<u>Advance from Internal Service Fund</u>
27800	<u>Advance from Trust and Agency Fund</u>

LIABILITIES (continued)

NOTE: These accounts are established for fund accounting. If the county does not account by fund, or the fund designation is unavailable, use the general fund (27100) account. Debit this account for temporary advances (less than one year). Credit the same account when the funds are returned.

**29000 LONG-TERM DEBT**

The face value of long-term debt issued and outstanding or incurred and unpaid. The county's policy will govern the use of these accounts.

29100 General Obligation

The face value of general obligation bonds issued and outstanding.

- 29110 Bonds Payable
- 29120 Notes Payable
- 29130 State Trust Fund Notes Payable
- 29140 Installment Contracts Payable
- 29150 Capital Leases Payable

The face value of general obligation debt instruments issued and outstanding are recorded in the above accounts at the appropriate title.

29200 Mortgage Revenue Bonds Payable (Noncurrent Portion)

The face value of revenue bonds issued and outstanding and not maturing within one year from the date of the balance sheet.

29600 Liability for Employee Benefits

29610 Unfunded liability for Wisconsin Retirement Fund.

The amount due the Wisconsin Retirement Fund for prior service credits of employees.

29620 Accrued Employee Benefits

The long-term liability for accrued vacation and sick leave. Proprietary funds will recognize an expense for the increase over prior years. Further explanation can be found in NCGA Statement 4.

## FUND EQUITY

Accounts are provided to differentiate between two major types of equity: (1) contributed capital – which is capital permanently contributed by the county or others, and (2) retained earnings – which represents the accumulated earnings of the internal service fund. In accordance with generally accepted accounting principles the system allows for reservations of retained earnings as desired or required.

Equity is the excess of a fund's assets over its liabilities (Assets = Liabilities + Equity). This excess may occur as the result of operations, where revenues exceed expenses, or due to non-operating contributions, such as permanent contributions of cash or other assets to establish or continue an operation or fund. Normal transactions involving continuing operations should not be made to equity accounts. Only permanent contributions not subject to repayment and the periodic closing of revenues and expenses to retained earnings should be posted to equity accounts.

NOTE: It is understood that balances prior to the adoption of this accounting manual may not be identifiable as to the components of equity. If such distinctions cannot be made it is recommended that the beginning fund equity be assigned to Retained Earnings – Unreserved (33900). Compliance with any legal requirements as to segregation of equity is the county's responsibility.

## FUND EQUITY

### **31000 CONTRIBUTED CAPITAL**

The amount of permanent capital contributed to the fund by the various governments and individuals. Detail accounts are provided below to distinguish between various sources of contributed capital.

#### 31100 Contribution from County

#### 31400 Contribution from State Government

Revenue from the Wisconsin Department of Transportation for state-built salt sheds should be recorded here.

#### 31900 Contributed from Others

### **33000 RETAINED EARNINGS**

The accumulated earnings of the proprietary fund which have been retained in the fund. Entries should normally be made to retained earnings only at closing or as authorizations are made to utilize reserves.

#### 33100 Retained Earnings Reserved

The accumulated earnings of the highway department which have been retained in the fund and reserved for a specific purpose, such as the examples shown:

##### 33110 Replacement of Fixed Assets

The reservation of a portion of retained earnings to provide for the replacement of fixed assets.

##### 33120 Debit Service

The reservation of a portion of retained earnings to service outstanding debt

##### 33190 Other Reserves

The reservations of a portion of retained earnings for a purpose(s) other than those shown above.

#### 33900 Retained Earnings Unreserved

The accumulated earnings of the proprietary type fund which have been retained in the fund and which are not reserved for any specific purpose.

## REVENUES

[Indicates accounts not recommended for use within the internal service fund.]

### **[41000 TAXES]**

NOTE: The highway internal service fund should not record revenues from taxes as a direct revenue of the fund. Such taxes should instead be recorded in the governmental funds and could include the general fund, special revenue fund or capital projects fund. The highway internal service fund provides services to the governmental fund types and other proprietary fund types and then bills the appropriate fund for services, thereby earning the revenue which may originally have been a tax levy for a governmental fund.

#### **[41100 Property]**

##### **[41110 General Property Taxes]**

General property taxes are ad valorem taxes levied on an assessed valuation of real and personal property.

##### **[41170 Motor Vehicle Taxes]**

General property taxes are ad valorem taxes levied on an assessed valuation of real and personal property.

#### **[41200 Sales and Use]**

##### **[41220 Sales Tax – Retailer's Discount]**

Credit to this account the discount deducted from remittances of sales tax collections to the state as authorized in Section 77.61(4). The Highway department will not recognize any revenue here if the discount is retained by the county general fund.

### **[43000 INTERGOVERNMENTAL REVENUES]**

Revenues derived from other governments in the form of shared taxes or grants are recorded in this series of accounts.

As was noted with tax revenues (41000), intergovernmental revenues generally should be recorded in the governmental funds. The governmental funds may then use these intergovernmental revenues to finance highway department operations and transportation functions.

#### **[43100 Federal Revenue Sharing]**

This account shall be credited with all entitlements from the federal revenue sharing program.

REVENUES (continued)

[43200 Federal Grants]

[43220 Transportation]

The grants-in-aid paid directly to counties by federal agencies. The county highway departments may receive some of these grants, but most are “pass-thru” type grants, which are accounted for by the state and not county governments. Pass-thru grants which are paid to the county from the state should be included under code 43530.

[43500 State Grants]

[43530 Transportation]

The grants-in-aid paid directly to counties by state agencies.

- 43531 Local Transportation Aid
- 43532 Flood Damage
- 43534 Airports
- 43535 Mass Transit
- 43536 Railroads
- 43537 Other Transportation

[43700 Grants from Local Governments]

The grants received by the county from local governments.

**44000 LICENSES AND PERMITS**

The revenue from county license and permit fees are to be credited to these accounts.

44200 Nonbusiness Licenses

44260 Wide-Load Moving Permits

The collections of permit fees for moving oversize loads on county roads. County fees only should be recorded here as revenue. Collection of fees for the state should be recorded at code 24226.

**45000 FINES, FORFEITS AND PENALTIES**

Collections of penalties imposed for violations of county ordinances, resolutions or bylaws; forfeitures by contractors for failure to perform contractual obligations; judgments and damages awarded to the county as a result of a court decision and miscellaneous forfeitures collected by the county without court action will be credited to these accounts.

45200 Awards and Damages

- 45210 Contract Forfeitures
- 45220 Judgments and Damages

REVENUES (continued)

**46000 PUBLIC CHARGES FOR SERVICES**

Accounts in this category are to be credited when invoices for service rendered private parties are recorded as Accounts Receivable in the 13000 series. The accounts may also be credited directly when receipts are recorded for collections of charges or fees which have not been considered as accounts receivable. Revenues recorded here should include any amounts charged for administrative costs (records and reports) and miscellaneous costs.

**46300 Transportation**

**46310 Highway Maintenance and Construction**

Charges for services on highways and related facilities will be credited to this account. The county may add detail accounts as appropriate to provide additional information regarding these revenues. Sales of material where services are not provided should be recorded at code 48330.

- 46330 Parking
- 46340 Airport
- 46350 Mass Transit
- 46360 Railroads
- 46370 Docks and Harbors
- 46380 Bicycle Trails
- 46390 Parks

The accounts provided (46330 through 46390) are to detail public charges for services other than highway facilities.

**47000 INTERGOVERNMENTAL CHARGES FOR SERVICES**

Revenues from charges for intergovernmental services are to be recorded in these accounts. Accounts in this category are to be credited when invoices for services rendered are recorded as accounts receivable. The accounts may also be credited directly when receipts are recorded for collections of charges or fees which have not been invoiced. Revenues recorded here should include any amounts charged for administrative costs (records & reports) and miscellaneous costs.

**47100 Federal**

Include here revenues for services to National Parks, forests, etc., utilizing detail accounts at the option of the county.

**47200 State**

- 47210 General Government
- 47220 Public Safety
- 47230 Transportation

Record here revenue earned on services performed for the Wisconsin Department of Transportation. Revenues should be recorded at the time the billing is made by debiting Due from the State (14200) and crediting this account. Revenues from records and reports, radios, general public liability, salt storage and supervision expenses should also be credited to this account.



REVENUES (continued)

47230 Transportation (continued)

Revenues from the state for services performed will equal expenses on state projects with the following exceptions:

Revenues for records and reports, supervision, radios, and general public liability are recorded in this revenue account but expenses are not allocated to state projects resulting in a variation.

If county produced gravel or bituminous products are used on a project at a negotiated price different from the inventory carrying cost a variation results.

NOTE: The above mentioned account is the minimum level of accounting required by WisDOT. Further detail may be kept by the county if needed for financial management. For example, separate subaccounts may be established for maintenance, road and bridge construction, and other services. Revenue from records and reports may also be segregated.

47240 Sanitation

47250 Health

47260 Human Services

47270 Culture, Recreation and Education

47280 Conservation and Development

47300 Other Local Governments

47310 General Government

47330 Transportation

Record here revenue earned on services performed for other local units of government. Revenues should be recorded at the time the billing is made by debiting Due from Cities, Village and Towns (14400), or Due from Special Purpose Districts (14500), or Due from School Districts (14600) as appropriate. The credit is made to the 47330 account or a sub-account within this account established by the county highway department. Revenues from records and reports charges should also be credited here.

47400 Local Departments

Charges for services to local departments or other funds are recorded in this account series. These charges reflect "quasi-external transactions" as explained in NCGA Statement 1.

To be included here is the revenue earned from providing maintenance and construction services to the county general fund or other governmental fund types on county trunk highways. Similarly other services provided to various county funds or departments should be reflected as revenues here and expenses in the 53440 account.

The charges are to be segregated by source as indicated below and may be further identified at the county's option.

REVENUES (continued)

- 47410 General Government
- 47420 Public Safety
- 47430 Transportation
- 47440 Sanitation
- 47450 Health
- 47460 Human Services
- 47470 Culture, Recreation and Education
- 47480 Conservation and Development

**48000 MISCELLANEOUS REVENUES**

48100 Interest

48200 Rent

Rentals for the use of buildings and offices will be credited to this account.

48300 Property Sales

48310 Gain or Loss on Disposition of Fixed Assets

The difference between the sale proceeds and the net book value of fixed assets will be recorded in this account. Gains are credits to this account, losses are debits.

Gains or losses on sales of assets are closed through the appropriate cost pool at year end. See closing instructions, Chapter 4.

48330 Sale of Materials and Supplies

This account will be credited when invoices for the sale of materials and supplies are recorded as accounts receivable. The account may also be credited directly from receipts issued for collections of amounts which have not been invoiced.

48340 Sale of Salvage and Waste Products

Collections for the sale of salvage and waste products (other than from construction projects) will be credited to this account. Such revenues from specific construction projects should be credited back to the project. Revenue from the sale of salvage and waste products (other than construction) is closed to the Shop Operations Cost Pool (53230) at year-end.

48400 Insurance Recoveries

When payments are received for damage to highway department property this account is provided to record the revenue. However, as a practical matter, the recovery is typically viewed as an offset to the cost of repairing or replacing the property. For purposes of simplification, minor receipts may be credited to the account recording the expense of the damage. This will result in a "netting" of revenues and expenses for this transaction, which is not usually desirable, but is acceptable and expedient for this situation

REVENUES (continued)

48500 Donations and Contributions

This account will be credited with gifts or donations received from civic organizations and private sources. Gifts and bequests in which the principal is to remain intact or is to be used over a period of years will be accounted for in the trust and agency fund.

**49000 OTHER FINANCING SOURCES**

This series of accounts is used to record all transactions regarded as a transfer into the fund. The two major categories of interfund transfers are:

Residual Equity Transfers: Nonrecurring or nonroutine transfers of equity between fund, and transfers of residual balances of discontinued funds. Residual equity transfers are recognized as additions to contributed capital (account 31100) by the highway internal service fund and would not appear in this account.

Operating Transfers: All other interfund transfers-e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, transfers of tax revenues from a Special Revenue Fund to a Debt Service Fund, transfers from the General Fund to a Special Revenue or Capital Projects Fund, operating subsidy transfers from the General Fund or a Special Revenue Fund to an Enterprise Fund, and transfers from an Enterprise Fund other than payments in lieu of taxes to finance General Fund expenditures.

NOTE: Charges for services should not be recorded here (See account 47400).

49200 Transfers from Other Funds

- 49210 Transfer from General Fund
- 49220 Transfer from Special Revenue Fund
- 49230 Transfer from Debt Service Fund
- 49240 Transfer from Capital Projects Fund
- 49260 Transfer from Enterprise Fund
- 49270 Transfer from Internal Service Fund
- 49280 Transfer from Trust and Agency Fund

## EXPENSES

### **53100 HIGHWAY AND STREET ADMINISTRATION AND GENERAL**

The county's transportation administration program includes the activities that support the other major performance areas by providing an organizational structure and related support services. These support services are generally considered to include: budgeting, accounting, personnel, data processing systems and operations, general administration, purchasing, printing and duplicating services, word processing, legal advisory services, management analysis, policy research and public information.

NOTE: All highway department interest expense should be charged to administration (object code 620). Interest may not be charged direct to cost pools or projects.

This program is divided into subprograms (accounts) for the purpose of identifying the type of work being performed.

#### **53110 Highway Administration**

This subprogram provides for the administration and general support services for the highway department. Administration is considered the cost required to support an organization, regardless of work performed by the organization. The nature of the individual's work, and not the location of an employee's office, should govern the allocation of costs.

As with other areas of this manual; counties may use additional detail accounts to segregate components of this account at their option.

#### **53120 Engineering**

This subprogram should be charged with all general engineering expenses, but not engineering related to specific projects. Project engineering expenses must be charged to the appropriate project.

If the engineering function has specialized equipment to capitalize (e.g., CADDs equipment), or provides significant services to others, a separate engineering cost pool is recommended.

#### **53180 Local County Aid Program**

NOTE: Local aid programs need not be handled through the internal service fund. The county may prefer to handle these transactions through the general fund or other appropriate fund, thereby eliminating the otherwise necessary transfer of funds to the internal service fund to pay such aids.

Several county governments in Wisconsin offer road and bridge financial aids to the town, village and city governments within the county. The purpose of these aids programs is to provide financial assistance to the local units of government for maintaining and improving their roads, streets and bridges. The county appropriation procedures, the allocation of the funds, and the amount of local matching funds are unique in each county.

EXPENSES (continued)

53180 Local County Aid Program (continued)

Generally, these county aid funds may be spent on any work necessary to maintain and improve the roadways, structures and other local road and street facilities. When a local government elects to use their county aid funds by utilizing county provided services, the work is expensed in Program 53330-LOCAL ROADS. Grants and other reimbursement provisions may be possible with county aid funds, requiring different accounting treatments. This program is divided into subprograms (accounts) for the purpose of identifying the type of aid being provided.

53181 Local Road Aids

53182 Local Bridge Aids

A project may be set up for each local government that will be receiving county aids from the county appropriation. The amount of county aid allocated to each local government is charged to that project. The accounting in this program is by "project" and "line item".

53190 Other Administration and General

Includes other support services not directly allocable to projects.

53191 Supervision

Expenses associated with patrol superintendents, including salaries, employment benefits, travel and training, are charged to this account. Counties may recover a negotiated portion of these costs from the state, in that these costs typically relate to all projects undertaken by the county highway department. Employee benefits must be determined using the composite fringe benefit rate (see acct. 53210) and may not be charged directly.

53192 Radio Expenses

Radio expenses including depreciation and maintenance or repair costs are charged to this account. Such costs are segregated here due to the state participation in these costs.

53193 General Public Liability

General public liability insurance costs are accumulated in this account. The state participates in these expenses.

**53200 TRANSPORTATION COST POOLS**

In order to account for county highway operations on a program or project basis, cost pools are utilized to collect costs of specific products or functions which provide services to various other programs within the department. After the costs are collected, the expenses are transferred to specific programs/projects under one of the following concepts: (1) a percentage of direct labor; (2) a rate-per hour basis; or (3) a unit product cost. The method for each cost pool is specified at the cost pool description.

For example, fringe benefits costs are collected in a cost pool and distributed to the various accounts charged with labor as a percentage of direct charged salary costs. This method is used to consistently apply these costs to the programs/projects charged with the related labor costs.

**53200 TRANSPORTATION COST POOLS (continued)**

The cost pools established in this manual are interrelated and therefore require that allocations be done sequentially. This is necessary because fringe benefits are a component of other cost pools and, thus must be allocated first. Similarly, shop operations affect machinery operations, and field small tools most likely affect the gravel service center and the bituminous service center.

The sequence to be followed in closing the pools is as follows: (1) employee taxes and benefits, (2) field small tools, (3) buildings and grounds operations, **(4)salt brining**, (5) fuel handling, (6) shop operations, (7) machinery operations.

The remaining pools (pit and quarry, bituminous, and the acquisition pool) would then be closed or carried forward as appropriate.

**53210 Employee Taxes and Benefits**

Employee fringe benefits and employment taxes for all highway department employees are charged to this account. An exception to this rule is allowed for personnel other than patrol superintendents who are exclusively administrative. For those personnel benefits may be charged directly to the administration account. The cost of time off with pay resulting from sick leave and vacation time and the costs for retirement, social security (county's share), health insurance, and similar items are included in this cost pool. These costs are to be allocated on the basis of salary and wage distributions using a single percentage rate. **Fringe benefit costs associated with direct repair labor for machinery must be charged as labor costs in the machinery operations cost pool or appropriate account and cannot be included in shop overhead costs.**

The composite rate is determined by computing the ratio of fringe benefit costs to total salary and wage costs, exclusive of time off with pay. This rate is determined from actual prior year costs adjusted for known changes to such costs for the current year. Variations in costs allocated versus actual costs incurred are carried forward annually and are included in the calculation of the next year's composite rate. These variations result from differences in actual costs and the actual value of distributed salaries and wages. This cost pool should begin with a zero balance at the beginning of each year.

The variation at year end is carried forward by the following method: if costs are over-recovered (credits exceed debits), the variation is credited to Unearned Revenue (26430); if costs are under-recovered (debits exceed credits), the variation is debited to Unbilled Accounts Receivable (13630).

Fringe benefit carry-over accounts Unbilled Accounts Receivable (13630) and Unearned Revenue (26430) are to be offset against each other with the balance carried over to the new year in only one of the accounts. See the Chapter 4, Closing Instructions for an example of how to handle.

The actual direct labor charges to a program/project are used monthly (periodically) to determine the transfer amounts from the employee taxes and benefits cost pool. These transfer amounts are used to credit object code line item 910, cost allocations, employee benefits and payroll taxes, with offsetting debits to the appropriate accounts at object code line item 130 (typically the 130 and 150 detail accounts will only be used within the cost pool).

EXPENSES (continued)

53210 Employee Taxes and Benefits (continued)

All time off with pay should be charged to specific line items. Counties whose employees have vested rights to sick leave or vacation pay for accumulated leave earned, shall accrue such expenses. However, all amounts not paid are ineligible for allocation and must be identified within the cost pool at object code line items 191 and 192, for accrued vested sick leave and accrued vested vacation, respectively.

Please note that the employees' withholding accounts should be debited with the portions of all benefits paid through payroll deductions. Counties who are self-insured should report county contributions to the insurance reserve as expenses at the appropriate object code.

All allocations of employee taxes and benefit from this cost pool will be credited to a unique line item, code 910. The associated debits should be charged to line item 130.

**NOTE: The billing procedure for patrol supervision requires that only hours worked be included when determining the amount invoiced to the state; this is due to the inclusion of vacation and other leave time expenses in the fringe benefit rate applied.**

53220 Field Small Tools

The cost pool is established to distribute uniformly, to all pertinent projects, costs associated with field small tools, that cannot be directly attributed to programs and/or projects. This cost pool will be debited with costs related to field small tools.

"Field Small Tools" are defined as any item purchased or built for use on multiple field projects and which costs less than \$5,000, except for chain saws, concrete saws, and line trimmers which are classified units of equipment. Field small tools shall include hand shovels, picks, skill saws, power drills, lanterns, barricades with battery operated flashers (subject to capitalization rule) and other similar equipment. An example list of field small tools is provided in Appendix B.

Tools which are used in both field and shop operations shall be expensed in the appropriate cost pool based on the primary purpose of the tools' acquisition. Items meeting the definition of field small tools which were capitalized prior to 1990 shall continue to be depreciated and accounted for as fixed assets. The depreciation and other costs of these assets shall be expensed to the Field Small Tools Cost Pool. See Chapter 4, Closing Instructions, for procedure for expensing depreciation costs of small tools which were previously capitalized.

All field projects will be charged with these small tool costs at a rate determined annually. The field small tool rate is to be applied to all direct field labor (including fringe benefits) in the maintenance, construction accounts. The field small tool rate should not be applied to administration and general, shop operations, fuel handling, building and grounds, gravel pit, bituminous and asset acquisition accounts.

**The field small tool rate must be allocated to all field labor regardless of whether or not the county invoices these costs to their customers.**

NOTE: Tire chains are not to be included in this account (see account 53240).

## EXPENSES (continued)

### 53220 Field Small Tools (continued)

Variations in cost allocated versus actual costs incurred are carried forward annually and are included in the calculation of the next year's rate. These variations result from differences in actual costs and the actual value of distributed small tool costs on field labor. **This cost pool should begin with a zero balance at the beginning of each year.**

The variation at year end is carried forward by the following method: If costs are over-recovered (credits exceed debits), the variation is credited to Unearned Revenue (26431); if costs are under recovered (debits exceed credits), the variation is debited to Unbilled Accounts Receivable (13631). See Chapter 4, Closing Instructions for further explanation of how carry-over variance is to be handled.

Allocations are credited to line item 920 with debits at line item 362, consumable tools.

### 53230 Shop Operations

The shop operations account is debited with all expenses of operating the highway shop, exclusive of direct labor hours or materials charged to specific work orders, and storage space allocated to outside users. These costs are allocated on the basis of machinery revenues (credits for allocations). The allocation is made annually based on final costs of providing shop operations. Total costs in this cost pool, less amounts recovered at interim rate(s) (discussed below) and offsetting revenues from gains on disposition of shop unclassified fixed assets or sale of salvage and waste products are allocated to clear the remaining cost pool.

Shop salaries and wages include mechanics (for non-direct or nonproductive time), shop supervisors, parts and shop clerks, and other directly related shop employees. Employee benefits are allocated to shop labor from the 53210 account, Employee Benefits at object code 130.

Other line items of expense include all shop related supplies, materials, small shop tools (less than \$5,000 in cost and not classified per the machinery rental agreement), and occupancy costs allocated to the shop from the 53270 account, Buildings and Grounds.

Depreciation on shop equipment and service vehicles is debited to this account at the object code 541 Depreciation. If service vehicles are not predominantly used for shop operations, the vehicles should be accounted for in account 53240, Machinery Operations, and charges made to the Shop account based on usage. Depreciation expense is determined from the detail fixed asset records for shop equipment.

Shop overhead is allocated to equipment at year-end using the shop overhead rate. An interim rate is required for charging out throughout the year. This interim rate is the prior year's rate, computed on prior years' shop labor and fringe benefits, which allows for prompt billing. (This rate is the most recently established rate for charging out on the basis of direct repair labor and fringe benefits.) Examples of these rates are calculated as shown in the closing instructions, Appendix B. An allocation to equipment with established uniform rates is necessary only on an annual basis since machinery rates are also established annually.

The annual charge out is credited at line item 930 and debited at line item 381, shop overhead.



## EXPENSES (continued)

### 53232 Fuel Handling

This account is debited with costs of handling and dispensing fuel. Appropriate costs to be charged here would include depreciations in fuel storage facilities, bulk equipment, and pumps. Also included are the expenses of handling the fuel such as labor and equipment rental for fuel delivery, and equipment maintenance used in fuel handling.

All removal costs of underground storage facilities and clean-up costs must be expensed out to the Fuel Handling Cost Pool Account in the year it is incurred. See Chapter 4, Closing Instructions for further details on how recoveries of these costs are to be handled.

The cost of fuel including (including tax) is not part of this account but rather debited to the inventory account. (16113).

When fuel is used, the appropriate account is debited for the inventory cost of the fuel plus handling charge. The handling charge is determined by dividing total costs in this account by total gallons handled. The rate is determined annually using prior year costs and gallons. The county may at its option establish one rate for fuel dispensed from pumps or directly from storage facilities and another rate or additional charge for fuel delivered to job sites or users. Charge outs are credited at line 931 and debited at line item 351, fuel.

The variation between costs and allocations at year end is transferred to 53230 – Shop Operations – before distributing shop overhead.

### 53240 Machinery Operations

This cost pool collects all expenses of operating equipment (with the exception of specialized equipment used predominantly by other accounts, e.g. crushers and mixing plants, which are charged direct to those operations), and allocates these costs using the standard cost approach. The definition of “classified equipment” and the establishment of the standard cost, which is the statewide machinery rental rate, are determined annually by the statutory committee created for this purpose. This account differs from the shop operations cost pool in that allocations are based on standard costs, expressed in a rate-per-hour for each selected class of equipment. At year end, expenses over and under are closed to equity.

Charges for gasoline, fuel additives, and oil originate from daily ticket summaries. Entries are made at the close of each payroll period by charging the appropriate line item and crediting the inventory account.

Charges for machinery repair and maintenance, including labor and materials, originate from daily shop work orders. Entries debiting the appropriate machinery operations line item are made. Shop Charges for direct labor and materials are debited to each unit of equipment as determined by work orders from the shop operations account (53230). In addition, unrecovered shop expenses are charged to each unit at year end as overhead.

The tires and batteries charges and credits also originate on shop work orders. Vendor invoices for tire repairs performed by private vendors are debited to this account.

Tire chains may be charged to a unit when purchased if chains remain with the unit. Alternatively, all chains may be charged to a machinery unit with the cost prorated between units using chains on an annual basis.

EXPENSES (continued)

53240 Machinery Operations (continued)

Sundry items, such as licenses, insurance premiums, washing equipment, towing equipment in for repairs, and the like, are charged here.

All costs of mounting and dismounting of plows, wings, spreaders and other attachments are to be charged to the attachment.

Depreciation of machinery is debited to this account. Depreciation for each piece of equipment is kept in detail on plant and equipment record forms. Depreciation is computed annually using the service life expectancy table approved annually by the statutory committee for county machinery rentals.

Debits for the expense of machinery and equipment are reflected at lines under 530, specifically 533 and 534. Credits for such allocations are shown at code 940.

53250 Pit and Quarry Operations\*

All expenses of operating gravel pits and quarries are to be charged to this cost pool. Detail of such costs should be maintained for each individual pit and/or quarry.

All labor associated with operating the pits and quarries are directly charged to this cost pool. Crushers, conveyors, and screening equipment used exclusively for production of gravel, crushed rock and other pit or quarry products are not part of the machinery operations account. All expenses of operating such equipment are recorded in this account at the appropriate line codes.

The expenses for materials and supplies, either from inventory charge outs or vendor invoices are contractual services, required to operate the pits and quarries are charged to this account. Credits for materials produced from operations and transferred to inventory or projects should be shown at code 960.

The depreciation on specialized equipment used exclusively for producing products from pits and quarries is expensed in this cost pool. Also included in the depreciation line item is the depletion for materials removed from pits and quarries. Materials depletion is determined by estimating the amount of material obtainable from the pit and establishing a depletion rate-per-yard (ton) of material removed to recover the cost of the pit.

Products of the operation should be added to inventory at cost. However, it is not appropriate to record the inventory at a value that exceeds market.

\*Ideally, the county should close these pools annually. If the county opts to carry balance forward, be aware that continuing deficits may create unacceptable charge-out cost, an unwieldy deficit, or both.

53260 Bituminous Operations\*

All expenses of operating bituminous plants are to be charged to this account. Detail of such costs should be maintained for each individual bituminous plant.

All labor associated with operating the bituminous plant is directly charged to this cost pool.

## EXPENSES (continued)

### 53260 Bituminous Operations\* (continued)

Plants, conveyors, dryers and screening equipment used exclusively for production of bituminous concrete, plant mix or other similar products are not part of the machinery operations, account. All expenses of operating such equipment are recorded in this account at the appropriate line code.

The expenses for materials and supplies, either from inventory charge outs or vendor invoices and contractual services, required to operate the bituminous plant are charged to this cost pool. Credits for materials produced from operations and transferred to inventory or projects should be shown at code 970.

The depreciation on specialized equipment used exclusively for producing products from the bituminous plant, is expensed in this cost pool.

Products of the operation should be added to inventory at cost. However, it is not appropriate to record the inventory at a value that exceeds market.

NOTE: The unit cost for gravel and bituminous products produced may be determined by using the prior year's cost data and adjusting for any known or projected cost changes.

\*Ideally, the county should close these pools annually. If the county opts to carry balances forward, be aware that continuing deficits may create unacceptable charge-out costs, an unwieldy deficit, or both.

### 53270 Buildings and Grounds Operations

Buildings and grounds is debited with all expenses of operating and maintaining highway buildings and facilities. Included are highway buildings used for equipment and material storage, offices, and machinery repair. Also included are parking lots, lighting, fences, and other facilities needed for highway operations.

Within the building and grounds operations account, a separate provision has been set up for the recovery of storage costs. The storage spaces involve the use of the outlying sheds, which are often used predominantly for storage, and the storage space that is properly recorded as a cost of equipment operation. Storage space that is used for storage of equipment is excluded from the equipment overhead costs. Storage costs are excluded from overhead costs based on a determined cost per square foot, after identifying storage space.

Storage space is defined as area which the primary function is to store (rated) equipment. For this purpose, storage areas **do not** include wash bays, sign shops or storage areas, paint booths, meeting rooms, office space, grease rooms, lunch rooms, locker rooms, parts rooms, other inventory storage areas, equipment repair areas, hallways, drives or circulation areas needed for non-storage access.

The formula for recovering the storage costs allocates these costs between the share for State Highway Maintenance services and all other uses. The allocation formula relies on the average of the following two factors: STH Maintenance share of equipment revenue to all county equipment revenues; and STH Maintenance share of winter maintenance equipment revenues to all winter maintenance equipment revenues.

NOTE: Refer to closing instructions for allocation and accounting procedures for the storage costs, including an example of the allocation from the revised "Buildings and Grounds Operation" form.

## EXPENSES (continued)

### 53270 Buildings and Grounds Operations (continued)

The expenses charged to this account should include depreciation of buildings, land improvements, and directly related building equipment. Heat, light and water costs are also charged to this account.

In some counties, space may be provided for other departments or organizations within highway buildings. In these cases, such space provided must be allocated back to other departments or agencies. Costs are allocated from this cost pool to administration, other programs, and other cost pools for shop, pit and quarry, and bituminous operations based on usage. Usage is determined on a square footage basis.

Salt storage costs should be accumulated separate from other buildings and grounds costs within the cost pool. All salt storage costs are allocated annually at closing to the State Trunk Highway Account 53323 and the County Truck Highway Account 53310 (zero balance at year-end). The allocation of salt storage costs must be made prior to allocating other building and grounds costs.

NOTE: Refer to closing instructions for allocation procedure and accounting for state-built salt sheds.

For purposes of expediency and recognizing the costs/benefits of allocating these costs, all costs are to be collected without regard to specific location or function and allocated at a flat rate solely on the square footage usage of structures (usage of parking lots or other grounds are not considered). Separate rates for various types of space are not allowed.

Charge outs are debited to object code 532 and credited to code 950.

All costs should be allocated annually at closing (zero balance at year end).

### 53280 Equipment and Materials Acquisition

The acquisition and/or production costs of fixed assets or materials are debited to the appropriate cost pool shown below. These cost pools are established to accumulate the costs for such items while preserving the integrity of the line items of expense and budgetary controls. Project numbers should be assigned to specific materials or assets.

Upon completion fixed assets are transferred to the appropriate 18000 account by debiting the specific asset account with a credit to 53281 at the cost allocation line item, 980. Similarly, materials produced should be transferred to the inventory asset account with a credit to 53282.

Balances should not be carried forward in this account. Items in process at year end should be transferred to the appropriate asset account. See Chapter 4, Closing Instructions.

53281 Acquisition of Capital Assets

53282 Material Handling and Production

## EXPENSES (continued)

### 53290 Salt Brining

Summarize the costs associated with Salt Brining that cannot be directly attributed to programs and/or projects.

Determine the total labor charges (including fringe benefits)

The Machinery Management Committee has decided to allow the calculation for the salt bringing rate to be based on actual costs. Therefore, any variations between expenses and allocations carry forward to the next year as follows: A) If costs are over-recovered (credits exceed debits), the variation is credited to unearned revenue, Account #26432. B) If costs are under-recovered (debits exceed credits), the variation is debited to unbilled accounts receivable, Account #13632. When the variance changes from year to year, add the current year variance to the balance in the carry-forward account.

### **53300 HIGHWAY AND STREET MAINTENANCE AND CONSTRUCTION**

NOTE: All expenses in this classification are costs for public roads.

#### 53310 County Trunk Highways

The county's highway program typically stresses preservation and reconditioning to protect the investment already made in the county trunk highway system. County highway departments commonly use their resources to:

1. Preserve the roadways, structures and all other highway facilities as nearly as possible in the condition of their original construction.
2. Provide for and aid the traveling public in the safe and economical use of highway facilities through effective maintenance of the existing road surfaces and roadways.
3. Provide increased safety through accident reduction at high hazard locations by elimination of roadway and roadside obstacles.
4. Promote economic growth commensurate with county-wide social and environmental goals.
5. Preserve and enhance the natural environment in the county's transportation corridors.
6. Increase effectiveness in the movement of people and goods in and through the county.

The County Trunk Highway program includes the work necessary to maintain, improve, and construct roadways, structures and other trunk highway facilities. The work is performed by the employees of the county with selected major work performed by private contractors. The program is authorized annually by the county board for a calendar year period.

This program may be divided into subprograms (accounts) for the purpose of identifying the type of work being performed.

## EXPENSES (continued)

The level of detail kept in the subaccounts should be determined by the needs of the county for financial management. It is strongly recommended that construction is segregated from maintenance for year-end reporting.

NOTE: All costs (direct expense or annual depreciation) for snow fence should be charged to this account. When snow fence is used on state highways, transfer costs equal to the state reimbursement to the state highway maintenance account by debiting Account 53321 and crediting the county maintenance account 53310. If snow fence is also used on other local government or other roads, similar allocations may be used.

### 53320 State Trunk Highway

Wisconsin's highway transportation program stresses preservation and reconditioning to protect the investment that Wisconsin's taxpayers have already made in the state trunk highway system. In cooperation with local governments, the state will use its resources to:

1. Preserve the roadways, structures and all other highway facilities as nearly as possible in the condition of their original construction.
2. Provide for and aid the traveling public in the safe and economical use of highway facilities through effective maintenance of the existing road surfaces and roads.
3. Provide increased safety through accident reduction at high hazard locations by elimination of surface and roadway obstacles.
4. Promote economic growth commensurate with statewide social and environmental goals.
5. Preserve and enhance the natural environment in transportation corridors.
6. Increase effectiveness in the movement of people and goods in and through the state.

The State Trunk Highway program includes the work necessary to maintain, improve, and construct the highways, structures and other state trunk highway facilities. Selected work is performed by the County under agreement with the Wisconsin Department of Transportation. These state/county agreements are entered into annually and are generally for a calendar year period.

This program is divided into subprograms (accounts) for the purpose of identifying the type of work being performed.

Specific projects are authorized which fit into one of the subprograms identified below:

### 53321 Maintenance

This subprogram includes the routine maintenance, control of ice and snow, and specifically authorized maintenance projects performed on the State Trunk Highway System. Charges to this subprogram should be detailed as to specific activity and project number, as established by the Wisconsin Department of Transportation, in order to provide the detail required for preparing invoices for the work performed. The activity codes required by the DOT Maintenance Section are detailed can be found using the link below.

[Full Listing of Activity and Account Codes](#)

EXPENSES (continued)

53322 Road and Bridge Construction

This subprogram provides for improvements or additions to the state trunk highway system. Activities performed as part of road construction include new construction, resurfacing, reconditioning, and reconstruction of existing roadways. Realignment to improve sight distance and safety predominantly within the existing right of way are included in this subprogram.

Activities performed as part of bridge construction includes new construction, reconstruction, widening, deck replacement, structural betterment, and replacement of existing bridges on the state trunk highway system to improve their traffic capacity, structural integrity and/or safety.

Road and bridge construction related to the state trunk highway system is divided into projects based on unique objectives for cost accounting purposes. The State's Department of Transportation requires billing for road construction by "project" and "line item".

53323 Other

Expenses for other services (not included in above subprograms) provided to the Department of Transportation shall be charged here. Non-allocated expenses which the state participates in are charged to accounts in the 53100 account series.

The only charges that are currently appropriate in this account are salt storage costs.

NOTE: **The above mentioned subprograms are the minimum level of recording required. The level of further detail kept in the subprogram (accounts) should be determined by the needs of the county for financial management.**

53330 Other Local Government Roads

Most county highway departments in Wisconsin offer at least some road maintenance and construction services to town, village and city governments within the county. In addition, the county may provide services to school districts or other local governments which are part of this program.

This program includes work necessary to maintain, improve and construct public roadways, structures and other public local road and street facilities. Selected work is performed by the County under agreement with the Town, Village or City government. These local/county agreements are entered into annually, usually for a calendar year period.

This program may be divided into subprograms (accounts) for the purpose of identifying the type of work being performed.

A project may be set up for each logical section of local road and street as agreed upon with the local government for the various services provided. These sections are cost accounted for billing and local government. Each billing will be by "project" and "line item".

## EXPENSES (continued)

### 53340 Local Departments

County highway departments may provide services to other county departments **on public roads**. The county highway department, as an internal service fund, charges other county programs for the services rendered based on the costs identified by the accounting section.

This program may be divided into subprograms (accounts) for the purpose of identifying the type of work being performed.

In addition, projects should be setup for each logical work activity as agreed upon to accomplish the program objectives. These projects are cost accounted for billing the other program. Each monthly billing should detail "projects" and "line items". Activity coding is an option of the county.

### 53350 Federal Government

Services provided to the federal government **on public roads** are charged to this account to accumulate costs for billing. As with other customers, projects should be established as necessary for cost accounting.

### 53360 Non-Governmental Customers

Only services to nongovernmental customers **on public roads** are charged here. As with other customers, projects should be established as necessary for cost accounting.

## **53400 ROAD RELATED FACILITIES AND OTHER SERVICES**

This program is established to account for road related facilities under the jurisdiction of the county, services not on public roadways, and cost of goods sold when the sale is not part of a service provided (a project). Expenses to be charged to this program include alleys and limited purpose roads, street lighting, sidewalks, storm sewers, parking facilities, and all other items not specifically included, or only partially included, as eligible road costs under the local transportation aids formula.

Other services to be included here would be trash collection services (at 53490), parking lot maintenance (at 53450), and excavation and construction services. All services should be identified by project number. In addition, the cost of materials or supplies sold is debited to this account at sub-account 53470.

Detail accounts must be utilized to segregate costs as follows:

- 53410 Limited Purpose Roads
- 53420 Street and Highway Lighting
- 53430 Sidewalks
- 53440 Storm Sewers
- 53450 Parking Facilities
- 53470 Cost of Sales
- 53490 Other Road Related Facilities and Other Services

As with other customers and programs, projects should be established as necessary for cost accounting purposes.



EXPENSES (continued)

**53500 OTHER TRANSPORTATION**

This account series is used only when the highway department is directly responsible for administering and operating such programs/facilities. More commonly, the services are provided to other departments and are charged to the 53490 series of accounts.

53510 Airport  
53520 Mass Transit  
53530 Railroads  
53540 Docks and Harbors  
53550 Bicycle  
53590 Parks

**53600 SANITATION**

This account is used only when the highway department is directly responsible for administering and operating such programs/facilities. More commonly, the highway department may provide services to the sanitation program and would treat such services as other local departments at the 53490 series of accounts.

53630 Solid Waste Disposal

This account includes expenditures, including licenses and long term care payments, for acquiring, maintaining and operating a landfill site, incinerator, recycling plant or any other facility for disposing of solid waste. It also includes payments to others to dispose of solid waste.

# *OFFICE MANAGER'S GUIDE*

## PRIOR TO CLOSING COUNTY HIGHWAY DEPARTMENT BOOKS

Since the closing process only occurs once each year, we recommend that the following questions need to be answered before proceeding to close the books:

### 1) Account 53191 Supervision.

Are all patrol superintendents' costs recorded in the account? Any costs which were transferred to other accounts (i.e., County Trunk Maintenance #53310 or State Maintenance #53321) should be transferred back to the supervision account.

### 2) Account 53192 and 53193 Radio and General Public Liability Expense.

Radio expense and General Public Liability (GPL) expense should be recorded in these two accounts. Any Radio or GPL costs recorded in other expense accounts should be transferred back to these two accounts. **NOTE:** WisDOT reimbursement of these expenses should be recorded in revenue account #47230, not as a credit to the expense account.

### 3) Account 53210 Employee Taxes and Benefits.

A) Were all fringe benefits, including Time Off With Pay (TOWP) for all employees (including administrative and supervisory employees), charged to this account? Counties electing not to include administrative fringe benefits in the cost pool are still required to include these costs for patrol superintendent(s) in the fringe benefit cost pool.

B) Were fringe benefit costs allocated to all expense accounts based on labor charged? **NOTE: Fringe benefit costs must be allocated to expense accounts regardless of whether the costs are billed to a customer.**

### 4) Account 53220 Field Small Tools.

A) Were all field small tools charged to this account? Shop tools should not be charged to this account. The exclusion of field small tool costs from this account, as a result of directly charging certain highway expense accounts, might result in a Highway Department receiving less of a reimbursement for field small tool expense in future periods.

B) Were field small tool allocations made to all field labor expenses or accounts? **NOTE: Field small tool costs must be allocated to all field labor regardless of whether the costs are billed to a customer.**

### 5) Account 53230 Shop Operations

A) Was shop overhead allocated to all repair labor on non-highway department equipment? This is required based on the interim rate and must be allocated to the appropriate expense accounts, regardless of whether the costs are billed to the customer

B) Any direct labor and corresponding fringes for highway department machinery repair and maintenance should be expensed to account 53240 Machinery Operations or other applicable accounts. If these costs are still in shop operations at year end, they must be transferred to the labor column in the appropriate account prior to starting closing procedures.

C) Building costs should be expensed to the Building and Grounds Operations cost pool Account 53270, not charged to Shop Operations.

D) Are service vehicles used in the highway operations? If these vehicles are not predominantly used for shop operations, they should be charged to the appropriate account based on usage (hourly rate rented from the Machinery Operations, Account 53240). If they are predominantly used for shop operations, the vehicles are accounted for in this account and the net operating cost over rentals, becomes part of the year-end shop overhead allocated to all units.

E) Was shop overhead allocated to all repair labor on non-highway department equipment? Shop overhead must be allocated to the appropriate expense accounts regardless of whether the costs are billed to the customer.

***PRIOR TO CLOSING COUNTY HIGHWAY DEPARTMENT BOOKS (continued)***

**6) Account 53232 Fuel Handling**

Were fuel handling costs allocated to all applicable expense accounts and fuel users based on gallons of fuel charged?

**7) Account 53240 Machinery Operations.**

A) Operating costs of specialized equipment (e.g. crushers, hot mix plants, fuel trucks, etc.) should be expensed in the appropriate cost pool or account. If this has not been done, these costs should be transferred prior to starting closing.

B) The Machinery Operations account should include all direct repair, labor, and corresponding fringe benefits. While direct repair, labor, and fringe benefits should be recorded under the appropriate object codes in the ledger, they should be combined under the labor column and submitted in MPM Financial Statement Operation of Equipment (Equipment Cost Analysis Form)

C) Was all usage of classified machinery allocated to the appropriate expense accounts? Machinery costs must be allocated to expense accounts regardless of whether the costs are billed to the customer.

**8) Account 53250 Pit and Quarry Operations, and Account 53260 Bituminous Operations.**

A) Were the actual expenses of specialized equipment charged to these accounts? If not, a transfer should be made at this time to remove specialized equipment from machinery operations and charge the appropriate cost pool.

B) Was all production of gravel or bituminous products allocated to an inventory or an expense account?

NOTE: Allocation charges to these accounts should be based on unit cost of production, which is not necessarily the same as the price for which the product is sold at.

**9) Account 53270 Buildings and Grounds Operations.**

A) Are all buildings and grounds costs charged to this account? If not, make appropriate transfers at this time.

B) Is the information identifying the amount of building area, including any equipment storage, still current and up to date? The square footage must all be allocated on the form and using the ratio of each allocation to the total, the "Total Buildings and Grounds Costs to be allocated" must be assigned to each area. This is used to determine the storage space reimbursement created in the new rate methodology.

**10) Account 53280 Equipment and Materials Acquisition**

Have all completed and incomplete units been transferred to appropriate asset or expense accounts? If not, make appropriate transfers at this time.

**11) Account 53290 Salt Brining**

A) Are all salt brining production costs charged to this account? If not, make appropriate transfers at this time.

B) Were all allocations made to the Salt Brine Inventory and charged out as used?

**[Chapter 02-20-80 Salt Brining Operations](#)**

## **CLOSING THE HIGHWAY BOOKS**

- 1.** Prepare a year-end trial balance before proceeding with closing. (This should be done after all normal month-end entries have been posted).
- 2.** Prepare schedules and record entries, if not previously made, for the following:

### **18000 Fixed Assets**

#### **A. Account 18200 Land**

Any purchases or sales should be recorded at historical (actual) cost.

The following entry should be made for the sale of land:

Debit Account 11100 - Treasurer's Working Cash (for the sale price)

Credit Account 18200 - Land (for the book value of the land)

Credit Account 48310 - Gain or Loss on Disposition of Fixed Assets (for the difference between the sale price and book value) NOTE: Account 48310 is debited if the sale results in a loss.

Revenue from the sale of land, which was never capitalized on the Highway Department's books, should not be recorded in the Highway Internal Service Fund. Rather, this revenue should be recorded in the County's books. Gains or losses on the sale of land are closed to retained earnings at year-end.

#### **B. Account 18300 Buildings - MPM Financial Statement**

- (1)** Set up each building on plant and equipment record forms the year they are built or purchased. (Sample form in Appendix D). If a building is not completed at year end, transfer costs to Account 18700 - Work in Progress. Do not begin to depreciate until the building is completed or placed into service.

On 09/27/2017 Machinery Management voted on and approved a change in building depreciation. For all new buildings – the following depreciation life should be

- Salts sheds 25 years life,
- All other highway structures 40 year life.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### **State Built Salt Sheds/State Financed Brine Makers & Facilities**

Counties that have built new salt storage sheds, Brine Makers & Facilities which are totally or partially paid for by WisDOT must account for these separately on their books. Since the WisDOT Maintenance Section has setup a special AFE for each county for billing purposes, it is recommended that the county record these salt sheds as follows:

**(a)** Debit Account 53321 - State Trunk Highway Maintenance and Credit Account 11100 - Treasurer's Working Cash (To record cost of salt shed) **NOTE:** County may elect to initially record the transaction in the Acquisition of Capital Assets Cost Pool - Account #53281 and then transfer costs to account #53321 when completed.

**(b)** Debit Account 14200 - Due from State of Wisconsin  
Credit Account 31400 - Contributed Capital from State Government  
(To bill WisDOT for their share of construction costs)

**(c)** (At year-end if necessary) Debit Account 18700 Work in Progress  
Credit Account 53321 - Maintenance  
(To reclassify carryover if salt shed not completed by year-end)

**(d)** (At completion) Debit Account 18300 - Buildings  
Credit Account 53321 - Maintenance (To capitalize salt storage building costs at completion of construction)

**(2)** Make and post to the ledger a journal entry recording the current year's depreciation by debiting Account #53270 Buildings and Grounds Operations and crediting Account #18390 Accum. Provision for Depreciation – Buildings. Depreciation on State built salt sheds must be identified separately in Account #53270.

**(3)** If any building(s) was disposed of during the year, make the following entries as applicable:

### **Sale of Building**

**(a)** Debit Account 11100 - Treasurer's Working Cash and Credit Account 18300 - Buildings (for the sale price of building)

**(b)** Debit Account 18390 - Accum. Prov. for Depreciation - Buildings  
(for the amount of the accumulated depreciation of the building sold)  
Credit Account 18300 - Buildings (for the difference between the building costs and the sale price that was previously credited to Account 18300 in entry (a) above)

**NOTE:** Account 48310 is debited if the sale resulted in a loss. Any gains or losses on sale of buildings are transferred to the Buildings and Grounds Operations Cost Pool Account 53270 under the object code (541) for depreciation at year-end.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### ***State Built Salt Sheds/State Financed Brine Makers & Facilities (continued)***

#### **Building Scrapped**

**(a)** Debit Account 53270 - Buildings and Grounds Operation, Credit Account 18390 - Accum Prov. for Depr. - Buildings (for book value at time of scrapping)

**(b)** Debit Account 18390 - Accum. Prov. for Depr. – Buildings, Credit Account 18300 - Buildings (for original cost of building)

**(4)** Prepare a schedule (Schedule 12) from the plant and equipment record forms with the following headings:

- (a)** Building Numbers
- (b)** Building Description
- (c)** Year Acquired
- (d)** Cost
- (e)** 20XX Additions
- (f)** Total Cost
- (g)** Prior Years' Depreciation
- (h)** Current Depreciation
- (i)** Book Value 12/31/XX

**(5)** Check schedule to ledger.

**(a)** Cost column must equal the 18300 Account balance as of January 1, after disposals.

**(b)** Additions represent the current year's expenditures.

**(c)** Total cost column must equal the 18300 Account balance as of December 31.

**(d)** Prior years' depreciation must equal the 18390 Account, Accumulated Provision for Depreciation - Buildings as of December 31, after all adjusting entries previously mentioned have been posted, but before any current year's depreciation entries are posted for buildings on hand December 31.

***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**C. Account 18400 Improvements Other Than Buildings - MPM Financial Statement**

(1) Set up on plant and equipment record forms, Improvements other than Buildings excluding salt sheds depreciate the entire cost over a 40-year period. (2.5% annually) Improvements other than Buildings for Salt Sheds depreciate the entire cost over a 25-year period. (4% annually)

(2) Make and post to the ledger a journal entry recording the current year's depreciation of improvements other than buildings, by debiting Account 53270 Building and Grounds Operations, and crediting Account 18490 Accum. Provision for Depreciation - Improvements Other Than Buildings.

(3) If any improvements other than buildings were sold during the year, make the following entries as applicable:

(a) Debit Account 11100 - Treasurer's Working Cash [for the sale price]  
Credit Account 18400 - Improvements Other Than Buildings [for the sale price]

(b) Debit Account 18490 - Accum. Prov. for Depr.- Improvements Other Than Buildings [for the amount of accumulated depreciation of the improvement sold]. Credit Account 18400 - Improvements Other Than Buildings [for the difference between the improvement costs and the sale price that was previously credited in entry (a)]. Credit Account 48310 - Gain or Loss on Depreciation of Fixed Assets [for the difference between the sale price and the book value at time of sale]

NOTE: Account 48310 is debited if the sale results in a loss. Any gains or losses on sale of land improvements are transferred to the Buildings and Grounds Operations Cost Pool account 53270 under the object code (541) for depreciation at year-end.

(4) Prepare a schedule (Schedule 11) from the plant and equipment record forms with the following headings:

- (a) Improvements Description
- (b) Year Acquired
- (c) Cost
- (d) 20XX Additions
- (e) Total Cost
- (f) Prior Years' Depreciation
- (g) Current Depreciation
- (h) Book Value 12/31/XX



## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**(5)** Check schedule to ledger.

**(a)** Cost column must equal the 18400 Account balance as of January 1, after disposals.

**(b)** Additions represent the current year's expenditures.

**(c)** Total cost column must equal the 18400 Account balance as of December 31.

**(d)** Prior years' depreciation must equal the 18490 Account, Accumulated Provision for Depreciation - Buildings as of December 31, after all adjusting entries previously mentioned have been posted, but before any current year's depreciation entries are posted for buildings on hand December 31.

### **D. Account 18500 Machinery and Equipment - MPM Financial Statement**

The inventory of machinery is prepared using the computer supplied inventory from WisDOT and the other equipment schedules for the following equipment activities:

#### **Equipment Discarded**

**(1)** Check plant and equipment record forms for disposal data; if not entered, record the data on the records.

**(2)** Prepare a schedule (Schedule 17) of scrapped equipment from the plant and equipment record forms

**(3)** Make and post the required journal entries pertaining to scrapped equipment as follows:

**(a)** Debit Account 53240 Machinery Operations at the depreciation line item and credit Account 18590 Accum. Provision for Depreciation - Machinery and Equipment for an amount equal to the remaining book value of the unit scrapped.

**(b)** After the first entry is made, the Accumulated Provision for Depreciation of the unit scrapped should equal the cost of the unit. One is closed out against the other, by debiting Account 18590 Accum. Provision for Depreciation - Machinery and Equipment and crediting Account 18500 Machinery and Equipment.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### **Equipment Traded-In**

**(1)** Check plant and equipment record forms of equipment traded-in for the following:

**(a)** Current year's depreciation through date of disposal.

**(b)** Amount of book value to be added to cash paid out to establish value of new purchase.

**(c)** Any other disposal data.

**(2)** Prepare Trade-In Schedule (Schedule 15).

**(3)** Make and post a journal entry recording the current year's depreciation on equipment traded-in to the nearest month of disposal. (**NOTE:** Units traded-in on or before the 15th of the month receive no current depreciation for the month of disposal.)

Debit Account 53240 Machinery Operations and Credit Account 18590 Accum. Provision for Depreciation - Machinery and Equipment. (To record the current year's depreciation on equipment traded-in).

**(4)** Make and post a journal entry recording the trade-in as follows:

Debit Account 18590 - Accum. Prov. for Depreciation - Machinery (for the amount of the accumulated depreciation of the unit traded-in).

Debit Account 18500 - Machinery and Equipment (for the cash outlay of the new unit plus the book value of the unit traded-in).

Credit Account 11100 - Treasurer's Cash (for the cash outlay of the new unit).

Credit Account 18500 - Machinery and Equipment (for the cost of the traded-in unit).

Optional Method: Counties may choose to debit Account 53281, Acquisition of Capital Assets Cost Pool instead of Account 18500 when recording the purchase.

### **Equipment Purchased**

**(1)** Check vouchers to determine what units were purchased during the year.

**(2)** Set-up State classified equipment or any equipment with a total outlay of \$5,000 or more on an equipment record card. The cost to set up is the total cash outlay plus the book value of units traded in, plus the additional set-up costs prior to placing into service.

**(3)** Prepare an Equipment Purchased Schedule (Schedule 14) from the plant and equipment record forms. **NOTE:** The traded-in book value on the purchase schedule has to equal the book value as shown on the traded-in schedule.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### **Equipment Sold**

- (1)** Check plant and equipment record forms for disposal data.
- (2)** Prepare a Schedule of Equipment Sold using Schedule 16
- (3)** Make and post a journal entry recording the current year's depreciation on equipment sold to the nearest month of disposal.
- (4)** Make and post the following entries:
  - (a)** Debit Account 11100 Treasurer's Working Cash or 13100 Receivable for Goods and Services (for sale price) and Credit Account 18500 Machinery and Equipment (to record the sale of equipment).
  - (b)** Because the sale price will be less than, equal to, or greater than the book value, a different journal entry is required for each situation as follows:
    - 1) Selling price is less than net book value (loss).
      - a. Debit Account 48310 - Gain or Loss on Disposition of Fixed Assets and credit Account 18590 Accum. Provision for Depreciation [for the difference between the sale price and the net book value at time of sale].
      - b. Debit the appropriate account (for most assets, the machinery cost pool, Account #53240) at the depreciation object code (541) and Credit Account 48310 - Gain or Loss on Depreciation of Fixed Assets for the amount of loss determined in 1) a. above.
      - c. Debit Account 18590 - Accum. Provision for Depreciation and credit Account 18500 - Machinery and Equipment. [for the amount of accumulated depreciation which should equal balance in Account 18500 after above entries are posted].
    - 2) Selling price equals the book value.

Debit Account 18590 - Accum. Prov. for Depreciation and Credit Account 18500 Machinery and Equipment. [for the amount of the accumulated depreciation].

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

3) Selling price is greater than book value (gain).

a. Debit Account 18590 - Accum. Provision for Depreciation and credit Account 48310 - Gain or Loss on Disposition of Fixed Assets. [for the difference between the sale price and the net book value at time of sale].

b. Debit Account 48310 - Gain or Loss on Disposition of Fixed Assets and Credit the appropriate account (for most assets, the machinery cost pool, Account #53240) at the depreciation object code, (541) for the gain amount determined in 3) a. above.

c. Debit Account 18590 - Accum. Provision for Depreciation and Credit Account 18500 - Machinery and Equipment. [for the balance in accumulated depreciation account after posting entry 3) a.].

**NOTE:** The treatment of the gain or loss on the sale classified equipment as an adjustment to current depreciation expense is a deviation from GAAP, but is required by the Machinery Management Committee for classified equipment. It is recommended that the same procedure be followed for the sale of non-classified equipment to be consistent.

### **Equipment on Hand December 31**

**(1)** Prepare an Equipment Inventory Schedule using Schedule 13.

**(a)** Obtain data from plant and equipment record forms.

**(b)** Show subtotals for the nine types of machinery (Trucks, Tractors, Motor Graders, etc.).

**(2)** After the Equipment Inventory Schedule is completed, check the following to the ledger:

**(a)** The cost column must equal the balance in account 18500 after all adjusting entries previously mentioned have been posted.

**(b)** The prior year's depreciation column must equal the balance in Account 18590 after all adjusting entries previously mentioned have been posted, but before any current year's depreciation entries are posted for equipment on hand December 31.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

(3) Make and post the following journal entry recording the current year's depreciation for equipment on hand as of December 31:

Debit Account 53240 - Machinery Operations (for classified machinery).

Debit Account 53192 - Radio Expense (for radio equipment).

Debit Account 53230 - Shop Operations (for shop equipment).

Debit Account 53232 - Fuel Handling (for bulk storage equipment).

Debit Account 53250 - Pit & Quarry Operations (for any specialized equipment used exclusively in the pit operations, e.g. crusher.

Debit Account 53260 - Bituminous Operations (for any specialized equipment used exclusively in the bituminous operations, e.g. hot mix plant).

Credit Account 18590 - Accum. Prov. for Depreciation Machinery and Equipment (for the total current year's depreciation charged).

(4) Post depreciation of individual units to the detail sheets in account 53240.

### **E. Account 18600 Gravel Pits and Quarries**

(1) Record any additions at historical (actual) costs.

(2) Record depletion by making the following entry:

Debit Account 53250 - Pit and Quarry Operations.

Credit Account 18600 - Gravel Pits and Quarries. [for the amount of depletion during the year]

Counties which do not have a pit and quarry operation, but produce gravel products should charge any pit deletion to Account 53282 Material Handling and Production Cost Pool.

(3) The following entry would be made for the sale of a pit or quarry:

Debit Account 11100 - Treasurer's Working Cash [for the sale price]

Credit Account 18600 - Gravel Pits and Quarries [for the book value of the pit or quarry]

Credit Account 48310 - Gain or loss on Disposition of Fixed Assets [for the difference between the sale price and book value at the time of the sale]

**NOTE:** Account 48310 is debited if the sale resulted in a loss. Any gains or losses on the sale of pits or quarries are transferred to the Pit and Quarry Operations Cost Pool, Account 53250 under the object code for depletion at year-end.

***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***  
**Account 18800 Other Fixed Assets**

Transactions for other fixed assets are handled the same as equipment in Account 18500. The journal entry made to record current year's depreciation for other fixed assets is:

Debit Account 53110 - Highway Administration  
Debit Account 53120 - Engineering  
Credit Account 18890 - Accum. Prov. for Depr. Other Fixed Assets

**16000 Inventories and Prepayments - MPM Financial Statement**

**F. Account 16110 Consumable Materials and Supplies**

(1) Take a physical inventory of any materials and supplies on hand 12/31/XX. NOTE: Inventories must be recorded on a first in, first out (FIFO) basis or a moving average cost basis. **County auditors may approve the cycle count inventory method where individual inventory items are counted throughout the year. Before the fiscal/calendar year end all inventory items must have been counted.**

(2) Prepare an Analysis of Materials and Supplies Schedule (Schedule 20).

(a) Check the percentage that the adjustment column bears to the sales or transfer column to determine if any adjustments are excessive. Fuel adjustments over 10% must be adjusted back to the units based on usage (sales). Counties may use their own judgment when adjusting any type of inventory adjustment which is less than 10% back to units.

(b) If adjustments are excessive, try to determine the cause and adjust at this time. As an example, if the cause of a large variance between the book and physical inventory of gasoline was found to be in the pricing of the sales and transfers, an adjustment could be made to adjust the price. This would require an entry between the 16113 and 53240 Accounts. In addition the 53240 portion of the entry would have to be prorated to the detail ledger sheets of all equipment that used gasoline during the year.

(c) Make and post a journal entry to adjust the book inventory to agree with the physical inventory as of December 31. Inventory variations arising from shop materials, fuel adjustments less than 10%, lubricants, etc. should be adjusted for through Account 53230, Shop Operations. Adjustments for variations related to pits and quarries or bituminous operations should be adjusted for within the appropriate cost pool. Variations in inventories of materials and supplies for maintenance and construction materials are made to Account 53310, County Maintenance and Construction. After the above noted entries are posted, the book and physical inventories must agree.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**(d)** Were any obsolete parts disposed of? If so, handle write-offs as follows:

If the obsolete parts can be sold as parts or scrap, credit the revenue realized to Account 16112 Shop Materials and Supplies or 16111 Construction and Maintenance Materials and Supplies. The value of the obsolete parts still remaining in Account 16112 or 16111 is then written off by making this entry:

Debit Account 53230 - Shop Operations  
Credit Account 16112 - Shop Materials and Supplies

Or

Debit Account 53310 - County Trunk Highways  
Credit Account 16111 - Construction and Maintenance Materials and Supplies

On the Analysis of Materials and Supplies Schedule deduct obsolete parts write-offs from the 1/1/XX Inventory. Do not show this credit to account 16111 or 16112 as a sale.

### **G. Account 16150 Gravel Products**

All gravel products produced by the County and on hand at year end should be inventoried. If there are any stockpiles of materials at year end, which have not been inventoried, make a journal entry as follows:

Debit Account 16150 - Gravel Products  
Credit Account 53250 - Gravel and Pit Operations

or

Credit Account 53282 - Materials Handling and Production

NOTE: Inventories are to be recorded at the lesser of cost or fair market value. If costs for gravel products are significantly higher than fair market value, an adjustment of the inventory may be necessary.

### **H. Account 16160 Bituminous Products**

Same type entry that was made for 16150 is made for 16160.

### **I. Account 16200 Prepaid Expenses**

Review this account at year end, recalculate and adjust the balance for variations to the appropriate expense account.

***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)*****53200**  
**Transportation Cost Pools**

**J. Account 53270 Buildings and Grounds Operations - MPM Financial Statement**

**(1)** Summarize the costs of storing salt from the detail of the buildings account. This includes all costs of storage without regard to specific location or whether it is a State or County built shed. Depreciation on State built salt sheds should be listed separately.

**NOTE:** The following accounting treatment for State built salt sheds is in accordance with the reimbursement policy as prescribed in the Machinery Rental Agreement. All information used in the reimbursement calculation will be taken from the prior year purchases, costs, and capacity figures.

The State will participate in the depreciation on County built salt sheds if the capacity of these is needed to store state salt. Originally, the interpretation of the machinery agreement was that depreciation on any state built salt shed, whether partially or wholly funded, was not an eligible participation item.

**(a)** Determine the total amount of chlorides purchased and stored for both State and County uses. The maintenance and repair costs will be allocated to both state and county based on the ratio of state purchases of salt to total state and county salt purchases in the prior year.

**(b)** Determine the depreciation of county built salt sheds. The state will participate in this depreciation only when the state purchases of salt exceed the state financed capacity in the county. The state share is determined by the ratio of state purchases exceeding state financed capacity, multiplied by the depreciation costs of the county built sheds.

**(c)** Make and post a journal entry to transfer the State and County's share of depreciation on County built salt sheds as follows:

Debit Account 53310 - County Trunk Highway Maintenance and Construction [from 1(b) above]

Debit Account 53323 - State Trunk Highways Other [from 1(b) above]

Credit Account 53270 - Buildings and Grounds Operations [total depreciation on County built salt sheds]

**(d)** Calculate the State and County's share of maintenance and repair cost of salt facilities, exclusive of any depreciation costs. The portion of costs allocated to State and County is determined by the ratio of state chlorides (in tons) purchased (and stored) during the calendar year compared to the total of all chlorides purchased (and stored) in facilities in that year (See example in Appendix A).



## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

(e) Make and post the following journal entry to distribute other salt storage costs as determined in (d) above:

Debit Account 53323 - State Trunk Highways Other  
Debit Account 53310 - County Trunk Highway Maintenance and Construction  
Credit Account 53270 - Building and Grounds Operations

(2) Obtain a determination of building square footage for all highway buildings (parking lots or other grounds and salt sheds are not considered).

(3) Determine a buildings/grounds operation cost per square foot after collecting costs, exclusive of salt storage costs, without regard to specific location or function. NOTE: Separate rates for various types of storage are not allowed.

(4) Allocate costs from this cost pool to other areas or programs at the rate determined in step (3) above. NOTE: In instances where space is provided for other departments or agencies, such space must be charged back to those departments or agencies, regardless of whether the costs are billed.

(5) After allocating the buildings/grounds operation cost to equipment storage, calculate the recovery of these costs by using the following formula: Proportions of equipment revenues generated by use for WisDOT maintenance projects to the total equipment revenues (NOTE - Only those overhead costs that can be identified with the storage of equipment can be recovered under this method and only the allocation of storage costs between State Highway Maintenance services and all other uses is provided for here.) If counties elect to invoice local users for their share of storage costs originally charged to the County Maintenance Account, they should decide on one of their own methods of allocation. Some of the suggested methods of allocation are: Lane miles of highways; flat rate per local unit; stand-by charge; share of equipment revenues similar to STH Maintenance share; or surcharge on machinery rentals to locals [**Caution** - Special accounting for this option is required because the surcharge reimbursement amount cannot be recorded in the Machinery Operations account as machinery revenues.] No winter proportion detailed.

(6) Make and post a journal entry to allocate the storage costs between State Highway Maintenance services and all other users as follows:

Debit Account 53310 - County Trunk Highway Maintenance and Construction  
Debit Account 53323 - State Trunk Highway Other  
Credit Account 53270 - Building and Grounds Operations [overhead costs identified with equipment storage space]

(7) All costs should be allocated (as per above) annually at closing, resulting in a zero balance in the cost pool at year end.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

(8) Prepare a schedule of Buildings and Grounds Operations, so as to detail the costs of operation and the year-end allocation. (Schedule 1)

Optional Method: Counties may choose to allocate building costs monthly or quarterly based on the prior year actual cost per square foot.

### **K. Account 53232 Fuel Handling - MPM Financial Statement**

All of the fuel tank removal and clean-up costs must be expensed out to the Fuel Handling Cost Pool Account #53232 in the year they are incurred. Each county can then decide how they want to recover the costs from outside users. It is recommended that the recovery period not exceed 5 years. (This based on the 5 year average costs used in determining machinery rental rates) An example of the recovery periods from 1-5 years is included for you.

Assume that \$100,000 of tank removal costs were incurred in 1990, and that 100,000 gallons were dispensed in 1990. The fuel handling rate based on this would be \$1.00, if we elect to recover over one year, or \$0.20 if we elect to recover over five years. (Election to use any year in between these is also acceptable.)

Since all variance gains in the fuel handling cost pool get closed to shop operations (overhead), any profits realized in future years from these recoveries will offset machinery costs in those years.

(1) Calculate a new fuel handling rate (Schedule 4) for use in the current year, based on the cost information from the year being closed as follows: Summarize all fuel handling costs from the cost pool and divide by the total gallons of fuel dispensed during that year. The result is the new fuel handling rate for your use, and should be applied to all gallons of fuel dispensed from your pumps, regardless of user. NOTE: A county may elect to establish one rate for fuel dispensed from pumps or directly from storage facilities and another rate for fuel delivered to job sites or users

### **M. Account 53230 Shop Operations - MPM Financial Statement**

(1) Prepare a schedule of shop operations in as much or as little detail as recorded in the general ledger.

(2) Be sure to include the allocation of Buildings and Grounds Operations costs from Account 53270 prior to determining the year-end shop overhead rate.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**(3)** Make journal entries for the following items as offsetting revenues to the cost pool:

**(a)** Gain (or loss) on disposition of unclassified shop fixed assets (from Account 48310).

Example - Debit Account 48310 Gain on Disposition of Fixed Assets.  
Credit Account 53230 Shop Operations - Gain on Sale (Reverse if loss).

**(b)** Sale of salvage and waste products (from Account 48340).

Example - Debit Account 48340 Sale of Salvage and Waste Products.  
Credit Account 53230 Shop Operations.

**(c)** Fuel handling over recovery (under recovery).

Example - Debit Account 53232 Fuel Handling  
Credit Account 53230 Shop Operations (reverse if under recovery)

**(d)** Any other allocation offsets similar to those discussed in the Shop Operations section of the manual and detailed on Schedules 5 and 6.

**(4)** Summarize the labor and fringe benefits allocated direct to Highway Department machinery, for shop services (from Account 53240 and other accounts which had shop repair labor). This serves as the labor base for the year-end shop overhead allocation. The labor and fringe benefits are divided into the net adjusted shop operations' costs (Account 53230) to arrive at the year-end shop overhead rate.

**(5)** Prepare a schedule of Distribution of Shop Overhead (from the year-end allocation based on shop repair labor including fringes). (Schedule 6)

**(6)** Make a journal entry to transfer the balance in Shop Operations to Machinery Operations and other Accounts which had shop repair labor as follows:

Debit Account 53110 Highway Administration  
Debit Account 53120 Engineering  
Debit Account 53240 Machinery Operations  
Debit Account 53250 Pit and Quarry Operations  
Debit Account 53260 Bituminous Operations; and  
Credit Account 53230 Shop Operations

**NOTE:** Shop overhead should be allocated at interim rates during the year to accounts other than the machinery operations account, in which case, shop overhead should not be allocated to these accounts again at year end. All direct shop repair labor must be allocated shop overhead at an interim rate. Counties doing repair work for other county departments or outside agencies must allocate the shop overhead to the appropriate expense accounts, regardless of whether the costs are billed to the customer.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### **N. Account 53240 Machinery Operations - MPM Financial Statement**

(1) Record the detailed operating costs and allocation credits (old machinery revenues) of all pieces of highway machinery on the Equipment Cost Analysis sheets (Schedule 7). Data for all columns are obtained from the Account 53240 detail ledger sheets, except for overhead.

NOTE: The amounts posted to the labor column on the equipment cost report must include the fringe benefit costs associated with direct repair labor as charged.

(2) Add the schedule to make sure it agrees. The machinery rental column must equal the credits in the Machinery Operations Account 53240. The subtotal column must equal the debits in the Machinery Operations Account 53240, prior to posting overhead.

(3) Prorate the total overhead amount to the individual units of equipment. (This shop overhead rate was previously calculated under the Shop Operations, Account 53230 in closing instructions, Step M (3). Apply this rate to the amounts shown for each unit in the repair labor column, and post this calculated amount as Overhead.

(4) Complete the cost section of the schedule by adding the overhead amount to the subtotal column. The grand total of the total column represents the total cash and non-cash equipment operating costs for the year.

### **O. Account 53250, Pit and Quarry Operations**

(1) Obtain from the County Highway Commissioner the gravel products stock pile inventory and make the required journal entry as detailed under Account 16150, Gravel Products (Step H of closing instructions).

(2) Make and post a journal entry to close the Pit and Quarry Operations, Account 53250 to the Retained Earnings-Unreserved, Account 33900.

OPTIONAL METHOD: If the county elects to not close out the account balance at year-end, they should be cautioned that carry-forward balances may create unacceptable charge-out costs, an unwieldy deficit, or both. If the county elects to carry forward a balance in either the Pit and Quarry or Bituminous Operations Cost Pools, the balance must be transferred to Account 13630. Unbilled Transportation Cost Pool Revenues, or Account 26430. Unearned Revenues from Transportation Cost Pools at year-end prior to closing.

(3) Prepare a schedule of Pit and Quarry Operations, so as to detail the costs of operation and the allocations (Schedule 10)

## ACCOUNTING FOR DEPLETION OF GRAVEL PITS

Depletion is a periodic charge to expense for the use of natural resources. In a typical highway operation, it would be used for gravel pits. The calculation of depletion involved these 3 steps:

- 1) Compute a depletion base
- 2) Compute a unit depletion rate
- 3) Charge depletion based on units of usage.

The depletion base is the asset to be depleted. It is comprised of the following four types of costs:

- 1) Acquisition costs – the cost to either buy or lease the property.
- 2) Exploration costs – the cost to locate assets that may then be depleted.
- 3) Development costs – the cost to prepare the property for asset extraction.
- 4) Restoration costs – the cost to restore the property to its original condition after depletion activities have been depleted.

To compute a unit depletion rate, subtract the salvage value of the asset from the depletion base and divide by the total number of measurement units that you expect to recover. The formula for the unit depletion is:

$$(\text{Depletion base} - \text{salvage value}) / \text{Total units to be recovered}$$

The depletion charge is then created based on actual units of usage. If you extract 500 yards of gravel and the depletion rate is \$2 per yard, then you charge \$1000 to Pit Operation Cost Pool.

The estimated amount of a natural resource that can be recovered will change constantly as assets are gradually extracted from a property. As you revise your estimates of the remaining amount of extractable natural resource, incorporate these estimates into the unit depletion rate for the remaining amount to be extracted. This is not a retrospective calculation.

An example of depleting a gravel pit follows:

Land purchase	\$100,000
Road construction	\$10,000
Restoration costs (estimated)	<u>\$40,000</u>
Total	<u>\$150,000</u>

An estimate of the yards of gravel that can be extracted is 75,000, so the depletion rate is \$2/yard.

For each yard of gravel extracted and used in a highway operation, a depletion charge of \$2/yard would be made to the Pit Operation Cost Pool.

## GRAVEL PIT AND QUARRY OPERATIONS

Labor		\$40,000.00
Fringe Benefits		\$32,000.00
Materials and Supplies		\$11,000.00
Reclamation Fees		\$ 1,000.00
Depletion of Gravel Pit and Quarry		\$ 8,000.00
Equipment Rental (Not Exclusively for Pit & Quarry)		\$48,000.00
Equipment Expenses (Exclusively Used for Pit & Quarry)		
Depreciation	\$15,000.00	
Shop Labor	\$15,000.00	
Fringe Benefits	\$12,000.00	
Shop Overhead	\$20,000.00	
Other Expenses	<u>\$11,000.00</u>	<u>\$73,000.00</u>
 Total Costs		 <u>\$213,000.00</u>
 Cost Allocations (Credits)		 <u>\$305,000.00</u>
 Net Balance – Income		 <u>\$ 92,000.000</u>

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### **P. Account 53260. Bituminous Operations**

- (1) Obtain from the County Highway Commissioner, the bituminous products stockpile inventory and make the required journal entry as detailed under Account 16160, Bituminous Products (Step I of closing instructions).
- (2) Make and post a journal entry to close the Bituminous Operations, Account 53260 to Retained Earnings-Unreserved, Account 33900.

OPTIONAL METHOD: If the County elects to not close out the account balance at year-end, they should be cautioned that carry-forward balances may create unacceptable charge-out costs, an unwieldy deficit, or both.

- (3) Prepare a schedule of Bituminous Operations, so as to detail the costs of operation and the allocations. (Schedule 9)

### **Q. Account 53220, Field Small Tools - MPM Survey**

- (1) Summarize the costs associated with small tools that cannot be directly attributed to programs and/or projects. (**NOTE:** Tire chains are not included in this account, but rather, are recorded in the Machinery Operations, Account 53240.)
- (2) Determine the total labor charges (including fringe benefits) from all field projects during the year. (**NOTE:** Administration and general, shop operations, buildings and grounds, fuel handling, bituminous and gravel pit operation's labor are not considered field labor for this calculation.) This serves as the labor base for the field small tool allocation.
- (3) The Machinery Management Committee has decided to allow the calculation for the field small tool rate to be based on actual costs. Therefore, any variations between expenses and allocations carry forward to the next year as follows: A) If costs are over-recovered (credits exceed debits), the variation is credited to unearned revenue, Account #26432. B) If costs are under-recovered (debits exceed credits), the variation is debited to unbilled accounts receivable, Account #13632. When the variance changes from year to year, add the current year variance to the balance in the carry-forward account.  
  
(**Caution:** Even though all field small tool items could be listed at zero value, we recommend that they continue to be inventoried for insurance purposes.)
- (4) Prepare a schedule of Field Small Tools, so as to detail the costs of small tools and the allocation. (Schedules 19 and 19a)
- (5) **If unusual circumstances (or audit adjustments) occur after the initial rate has been calculated and approved, a revised rate should be calculated and if**

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**considered material, submit to the Wisconsin Department of Transportation for review and approval.**

### **R. Account 53210, Employee Taxes and Benefits - MPM Survey**

**(1)** Accumulate all employee fringe benefits and employment taxes as detailed in the account.

**(2)** Counties who are self-insured should report Highway Department contributions to the insurance reserve as expenses, at the appropriate object code.

**(3)** For those counties who accrue expense for employee vested sick leave or vacation pay, the following procedure applies:

The amounts accrued for these items are ineligible for allocation and must be specifically identified within the cost pool. For accrued vested sick leave, report the amount at line item 191, while the accrued vested vacation is reported at line item 192.

**(4)** Determine the total accrued salary and wage costs, exclusive of time off with pay for the year. These can be accumulated from the sum total of all payroll vouchers. (This serves as the labor base for the fringe benefit allocation.)

**(5)** When the variance between expenses and allocations of the employee taxes and benefits account is carried forward to the next year, the following procedure is to be done: The current variance is added to the carry-forward variation, if they are both unearned revenue and unbilled accounts receivable. If the current variance is different than the carry-forward variation, the amounts must be off-set against each other, and only the remaining variation balance is carried forward and recorded in the general ledger and on the questionnaire.

**(6)** Prepare a schedule of Employee Fringe Benefits, so as to detail the costs of employer paid employee taxes and benefits and the allocations. (Schedules 18 and 18a)

**(7)** Calculate the Employee Taxes and Benefits rate based on the worksheet provided either with your CHEMS updates or with your closing schedules. Remember to include any additional or decreased benefits granted employees for the current year in the calculation of the rate. Specific instructions on the completion of the worksheet are included with your CHEMS updates or closing instructions. Send a copy of the completed worksheet to the Wisconsin Department of Transportation for their review and approval. The rate will be effective as soon after it has been reviewed and approved by the Wisconsin Department of Transportation



## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

(8) If additional benefits (or audit adjustments) are granted after the initial rate has been calculated and approved, a revised rate should be calculated and if considered material, submit to the Wisconsin Department of Transportation for review and approval. **MPM Survey**

3. Prepare other schedules, as required by the Commissioner or the County Board, from the detail of various ledger accounts.

4. Prepare the following schedules as required by the Department of Transportation:

A. Highway Administration - Account 53110.

(Schedule 2) **MPM Financial Statement**

B. Other Administration and General Supervision - Account 53191. (**NOTE**: All patrol superintendents' vehicles will be depreciated based on a life expectancy of 100,000 miles. These vehicles can change classes based on change of use. e.g. Superintendents vehicle to a Truck class 101. The depreciation method should not be changed when the class is changed.

Radio Expenses - Account 53192, and General Public Liability Insurance - Account 53193. (Schedule 3) **MPM Financial Statement**

C. Reconciliation Schedules

5. The year-end handling of the Equipment and Materials Acquisition accounts follow:

Account 53281. Acquisition of Capital Assets. At year-end, the costs accumulated in this account must be analyzed and the appropriate entries made: 1) If the costs are determined to be asset acquisition or betterment, all related costs must be transferred to the asset inventory account (if completed) or to the work in progress (if not completed). 2) If the costs are determined to be major repair, all related costs must be transferred to the accumulated depreciation account. 3) If the costs are determined to be normal operating expenses (not meeting or exceeding 25% of the gross capitalized cost of the asset), all related costs must be transferred to the equipment operations account.

Account 53282. Material Handling and Production. At year-end, the costs must be analyzed and the appropriate entries made: 1) If the costs are determined to be handling or production of an asset, all related costs must be transferred to the appropriate asset inventory account. 2) If the costs are determined to be accumulation of an expense task or activity, all related costs must be transferred to the appropriate expense account.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

### Account 53290. Salt Brining.

**(1)** Summarize the costs associated with Salt Brining that cannot be directly attributed to programs and/or projects.

**(2)** Determine the total labor charges (including fringe benefits)

**(3)** The Machinery Management Committee has decided to allow the calculation for the salt bringing rate to be based on actual costs. Therefore, any variations between expenses and allocations carry forward to the next year as follows: A) If costs are over-recovered (credits exceed debits), the variation is credited to unearned revenue, Account #26432. B) If costs are under-recovered (debits exceed credits), the variation is debited to unbilled accounts receivable, Account #13632. When the variance changes from year to year, add the current year variance to the balance in the carry-forward account. **MPM Survey**

**6.** Make and post journal entries to close the revenue and expense accounts. If your county has a State built salt shed, a special treatment is required for closing Account #53323 - State Trunk Highway Other. The amortization of the State share of salt shed depreciation is optional against Account #31400 contribution from State Government. The following entry must be made before closing out Account #53323.

Debit Account 31400 - Contribution from State Government

Credit Account 53323 - State Trunk Highways Other [for the amount of depreciation on state built salt sheds charged to Account 53323 previously in closing step K. (1)(c).]

The remaining balance in Account 53323, after the above entry is posted, is closed along with all other expense and revenue accounts into Account 33900, Retained Earnings-Unreserved.

**7.** Prepare another trial balance to ensure that the ledger accounts are still in balance and that no errors have been made during the closing process. **NOTE:** This does not insure that errors do not exist between ledger accounts, but only insures that closing journal entries (debits and credits) have been properly posted.

**8.** Prepare Financial Statements as needed.

**9.** Transfer account balances to the ensuing year's ledger.

## ***CLOSING THE HIGHWAY DEPARTMENT BOOKS (continued)***

**10.** Counties should account for their current year tax levies and unexpended appropriation carry-forward balances in accordance with generally accepted accounting principles (GAAP). The highway department as an internal service fund receives its revenue through charging users for the services the fund provides. Therefore, essentially all revenues recorded in the highway funds are charges for services. Items such as property taxes, federal revenue sharing, and transportation aids from the state should not be recorded as highway department internal service fund revenues. Rather, such funds are used to pay for services that the internal service fund provides to the county through the general fund or special revenue fund. See example in the Introduction section of the Cost Accounting Manual – subsection Fund Structure, An Internal Service Fund.

Two methods of accounting for these funds follow:

**A. Method 1, pay as you go.**

Under this method, the highway department is paid as they earn it. No entry is made at the beginning of the year in the highway internal service fund for the highway appropriation. The entry is made by the county recording the highway appropriation in the general fund or special revenue fund. The county expends these funds to pay the highway internal service fund for services provided. The highway department may also keep track of the unexpended fund balances by comparing their budget to the cost of providing services to the county.

**B. Method 2, advanced funds.**

Under this method, the highway department receives its entire budget amount on January 1. Obtain a copy of the ensuing year's official budget as adopted by the county board. Prepare the following journal entries. (Substitute Due to Special Revenue Fund, Account 25200, if applicable.)

Debit Treasurer's Working Cash, Account 11100 for the entire amount and Credit Due to General Fund, Account 25100. Set up a detail page using as categories the Memo funds which the highway department appropriates money for. At the end of each month, reduce the Due to General Fund account and the corresponding categories on the detail page by the amount of expense incurred in those categories during the month. To do this, Debit Due to General Fund, Account 25100 and Credit Local Departments Revenue -Transportation Account 47430. After these postings are made, you may now prepare a statement, showing the balance in your appropriations.

The balances in the detail columns in the Due to General Fund account represent the unexpended appropriation balances for the respective categories. The available working capital for the internal service fund is determined by adding up cash and current accounts receivable and subtracting current liabilities. Use of available working capital is not limited to the categories under the Due to General Fund account.

**11.** After all opening entries have been posted, prepare a trial balance.

The schedules listed below are required in the Financial Report you will upload in a PDF format in MPM. Your county may require additional reporting based on your county's requirements. Once complete upload your complete Financial Report.

Schedule Number	Title
1	Building & Grounds Operation
2	Highway Administration
3	Other Administration and General Expenses
4	Fuel Handling
5	Shop Operations
6	Distribution of Shop Overhead at Year End
7	Operation of Equipment (Equipment Cost Analysis Form)
8	Reconciliation of Current Year's Depreciation
9	Bituminous Operations
10	Pit and Quarry Operations
11	Inventory of Improvements other than Buildings
12	Inventory of Buildings
13	Inventory of Machinery and Equipment
14	Machinery and Equipment Purchased
15	Machinery and Equipment Traded In Machinery and Equipment
16	Sold
17	Machinery and Equipment Discarded
18	Fringe Benefit Analysis Fringe Benefit Rate
18a	Calculation
19	Field Small Tool Analysis
19a	Field Small Tools Calculation
20	Analysis of Materials and Supplies
21	Due from State Accounts
22	Receivable

## Schedule 1

### Buildings & Grounds

Depreciation of Buildings			\$	-
Depreciation of Improvements other than Buildings				-
Depreciation of Safety Trailer				
Heat, Light, Power and Water				
Maintenance of Buildings & Grounds (Includes Janitorial Expense)				
Insurance on Buildings & Grounds (Excludes GPL)				
Total Buildings and Grounds Cost			\$	-
Less Salt Storage Costs				
Depreciation of Salt Facilities				
State Built	\$	-		
Others		-	\$	-
Utilities				
Salt Facilities Maintenance/Repairs				
Insurance				-
Total Buildings and Grounds Costs to be Allocated			\$	-
Divided by Total Square Footage of all Buildings (Excluding Salt Facilities)				0.00
Equals Allocation per Square Foot				#DIV/0!

Allocation To	Square Ft	Alloc Rate	Amount
Highway Administration		#DIV/0!	#DIV/0!
Shop Operations		#DIV/0!	#DIV/0!
Sign Shop		#DIV/0!	#DIV/0!
Equipment Storage		#DIV/0!	#DIV/0!
Salt Brining Operations		#DIV/0!	#DIV/0!
Totals	0		#DIV/0!

## Schedule 2

### Highway Administration

Labor			
Commissioner			
Other Labor			\$ -
Fringe Benefit Costs			
Travel Expense			
Committee Per Diem and Expenses			
Commissioner's Car Expense			
Depreciation	\$ -		
Other Expenses			-
Office Supplies and Expenses			
Buildings and Grounds Allocation			#DIV/0!
Depreciation of Office Equipment			-
Miscellaneous			
Accounting and Auditing Services			
Subscriptions			
Engineering			
Registration and Dues			
Temporary Services			
Hiring Costs			-
Total Costs			#DIV/0!

## Other Administration Costs

RADIO  
EXPENSES

Labor	
Fringe Benefit Costs	
Material	
Shop Overhead	
Contractual Services	
Depreciation	0.00
Total Radio Costs	<u>\$ -</u>

GENERAL PUBLIC LIABILITY

Public Liability Insurance	
Umbrella Liability Insurance	
Total GPL Costs	<u>\$ -</u>

PATROL SUPERVISION

Labor	
Fringe Benefits	
Training/Travel	
Machinery Rentals	
Small tool Expense	
Supplies	
Total Patrol Supervision Costs	<u>\$ -</u>

## Fuel Handling

Labor				
Fringe Benefit Costs				
Fuel Truck Costs				
Depreciation			\$ -	
	unit #			
Other Expenses				-
Fuel Handling Supplies and Expenses				
Depreciation of Fuel Bulk Storage Equipment				-
Salvage/Waste Revenues				-
Total				-
Cost Allocations (Credits)				
Fuel Handling Variance (Over/Under Recovery)				-

Gallons of Fuel Dispersed in Current Year:

Gasoline	
Diesel	
Total	0.0

Fuel Handling Adjustment based on gallons dispersed:

#DIV/0!



## Shop Operations

## Schedule 5

Direct Labor			
Fringe Benefits		\$ -	
Less Recovered on Work Orders			\$ -
Direct Materials			
Less Recovered on Work Orders			-
Indirect Labor			
Fringe Benefits on Indirect Labor Only			
Shop Supplies			
Depreciation of Shop Equipment			-
Service Cars			
Depreciation unit #:			
Other Costs		\$ -	
Less Revenue		-	-
Purchase and Repair of Shop Tools			
Maintenance of Shop Equipment			
Buildings and Grounds Allocation			#DIV/0!
Allocation			
Offsets			
Shop Overhead Recovered on Work Orders			
15% Handling Credits			
Fuel Handling Over-Recovery (Under-Recovery)		-	
Insurance Recoveries			
Sale of Salvage and Waste Products			-
Total Shop Operations to be Allocated			#DIV/0!
Divided by Direct Labor & Fringe Benefits charged for shop services			-
Equals Shop Overhead Rate			#DIV/0!

## Distribution of Shop Overhead at Year End

## Schedule 6

Shop Overhead Rate  
#DIV/0!

Account	Direct Shop Labor and Fringe Benefits	Shop Overhead
Highway Administration		#DIV/0!
Field Small Tools		#DIV/0!
Machinery Operations		#DIV/0!
Non-Classed Equipment		#DIV/0!
Pit and Quarry Operations		#DIV/0!
Bituminous Operations		#DIV/0!
Totals	\$ -	#DIV/0!

County Highway Department  
Equipment Cost Analysis

	Total			Labor				Tires/		Depr		
ID	Cost	Fuel	Lube	+ FrBen	Parts	Overhead		Batteries	Sundry	Amt	Hours	Revenue

# Reconciliation of Depreciation

Schedule 8

## ANNUAL DEPRECIATION

Improvements Other Than  
Buildings

On 12/31/XX Inventory

\$ -

Discarded

- \$ -

Buildings

On 12/31/XX Inventory

\$ -

Sold

Annual  
Depreciation

Difference-Sale Price vs. Book Value

- -

Discarded

- -

Machinery and  
Equipment

On 12/31/XX Inventory

\$ -

Traded In

-

Sold

Annual  
Depreciation

\$ -

Difference-Sale Price vs. Book Value

- -

Discarded

- -

Other Fixed Assets

On 12/31/XX Inventory

\$ -

Traded In

-

Sold

Annual  
Depreciation

\$ -

Difference-Sale Price vs. Book Value

- -

Discarded

- -

Total

\$ -

## DEPRECIATION EXPENSE

### DISTRIBUTION

Highway Administration

\$ -

Office

Supplies

Engineering

Radio Expenses

-

Shop Operations

-

Fuel

Handling

-

Machinery Operations

-

Non-Rated State Purchased Equipment

-

Pit and Quarry

Operations

-

Bituminous Operations

-

Buildings and Grounds Operations

-

Total

\$ -

Total Depreciation Must Equal Total Distribution

### Summary of Machinery and Equipment

Group	Name	Original Cost	Prior Years' Depreciation	Current Year's Depreciation	Book Value 12/31/XX
1	Trucks and Autos	\$ -	\$ -	\$ -	\$ -
2	Tractors	0.00	0.00	0.00	0.00
3	Graders	0.00	0.00	0.00	0.00
4	Maintenance & Construction	0.00	0.00	0.00	0.00
5	Crushing	0.00	0.00	0.00	0.00
6	Winter Maintenance	0.00	0.00	0.00	0.00
	Sub-Total	0.00	0.00	0.00	0.00
7	Radios	0.00	0.00	0.00	0.00
8	Fuel Handling	0.00	0.00	0.00	0.00
9	Shop Equipment	0.00	0.00	0.00	0.00
	Sub-Total	0.00	0.00	0.00	0.00
10	Office Equipment	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00

## Schedule 9

### Bituminous Operations

Labor		
Fringe Benefits		
Materials and Supplies		
Equipment Rental (Not Exclusively Used for Bituminous Operations)		
Equipment Expenses (Exclusively Used for Bituminous Operations)		
Depreciation	\$ -	
Shop Labor		
Shop Fringe Benefits		
Shop Overhead	#DIV/0!	
Other Expenses		
	-	#DIV/0!
Building and Grounds Allocation		
Cold Patch Production		-
Land Rent		
		.
Total Costs		#DIV/0!
Cost Allocations (Credits)		
Net Balance		#DIV/0!

## Pit and Quarry Operations

## Schedule 10

Labor		
Fringe Benefits		
Materials and Supplies		
Depletion of Pit and Quarry (Royalties)		
Equipment Rental (Not exclusively Used for Pit and Quarry Operations)		
Equipment Expenses (Exclusively Used for Pit and Quarry Operations)		
Depreciation	\$ -	
Shop Labor		
Shop Fringe Benefits		
Shop Overhead		
Other Expenses		
Crushing Equipment Revenues	-	-
Pit and Quarry Operations		-
Material Handling/Material Sales		
Reclamation		
Inventory Adjustments		-
Land Lease		
Reclamation Liability		
Total Costs	\$ -	
Cost Allocations (Credits)		
Net Balance	\$ -	

**Inventory of Improvements Other than Buildings  
(Land Improvements)**

Description	Year Acquired	Original Cost	20XX Additions	Total Cost	Prior Years' Depreciation	20XX Depreciation	Book Value 12/31/XX
Totals		-	-	-	-	-	-



## Inventory of Buildings

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**County Highway Department**  
**Selected Inventory of Machinery and Equipment**

<u>G/L Acct Equip. #</u>	<u>Description</u>	<u>Acquisition</u> <u>Date</u>	<u>Cost</u>	<u>Total</u> <u>Depreciation</u>	<u>Prior Years</u> <u>Depreciation</u>	<u>Current Year</u> <u>Depreciation</u>	<u>Book Value</u>
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### Machinery and Equipment Purchased

Unit No.	Type of Equipment	Cash	Trade-In Book Value	Total Cost	Unit No. Traded
Total		-	-	-	

### Machinery and Equipment Traded In

Unit No.	Type of Equipment	Cost	Prior Years' Depreciation	Current Year Depreciation	Trade-In Book Value
		\$ -	\$ -	\$ -	\$ -
		-	-	-	-
					-
					-
Totals		\$ -	\$ -	\$ -	\$ -

## Machinery and Equipment Sold

Unit No.	Item	Cost	Prior Years' Depreciation	Current Year Depreciation	Book Value When Sold	Sale Price	Gain/(Loss)
<b>Totals</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Machinery and Equipment Discarded**

Unit No.	Type of Equipment	Cost	Prior Years' Depreciation	Current Year Depreciation	Book Value When Discarded
					-
					-
Totals		-	-	-	-

## Fringe Benefit Analysis

EXPENDITURES

Time Off With Pay	
Sick Leave	
Vacation	
Retirement Pay out	
Longevity	
Holiday	
Boot Allowance	
Comp Time Adjustments	
Funeral/Jury/Administrative Pay	
	\$ -
Social Security	
Retirement (Employer's Share)	
Retirement (Employee's Share Paid by Employer)	
Hospital and Health Insurance	
Life Insurance	
Unemployment Compensation Insurance	
Worker's Compensation Insurance	
Accrued Vested Sick Leave	
Accrued Vested Vacation	
Total Fringe Benefits	\$ -
Total Fringe Benefit Costs Recovered (Cost Allocations, Credit)	

# Fringe Benefit Worksheet

# Schedule 18a

TOTAL LABOR REPORTED  
LABOR BASE SUBJECT TO FRINGES

FRINGE BENEFITS	COST REPORTED	AUDIT ADJ.	ADJUSTED COST REPORTED	ADDITIONAL (DECREASED) BENEFITS	ADJUSTED COST	RATE
SICK LEAVE	\$ -		\$ -		\$ -	#DIV/0!
VACATION	\$ -		\$ -		\$ -	#DIV/0!
RETIREMENT PAYOUT	\$ -		\$ -		\$ -	#DIV/0!
LONGEVITY	\$ -		\$ -		\$ -	#DIV/0!
HOLIDAY	\$ -		\$ -		\$ -	#DIV/0!
BOOT ALLOWANCE	\$ -		\$ -		\$ -	#DIV/0!
OTHER PAID LEAVE	\$ -		\$ -		\$ -	#DIV/0!
SOCIAL SECURITY	\$ -		\$ -		\$ -	#DIV/0!
RETIREMENT	\$ -		\$ -		\$ -	#DIV/0!
HOSPITAL INSURANCE	\$ -		\$ -		\$ -	#DIV/0!
LIFE INSURANCE	\$ -		\$ -		\$ -	#DIV/0!
UNEMPLOYMENT COMP	\$ -		\$ -		\$ -	#DIV/0!
WORKER'S COMP	\$ -		\$ -		\$ -	#DIV/0!
ACCRUED VESTED SICK LEAVE	\$ -		\$ -	\$ -	\$ -	#DIV/0!
ACCRUED VESTED VACATION	\$ -		\$ -	\$ -	\$ -	#DIV/0!
		\$				
TOTAL FRINGES	\$ -	-	\$ -	\$ -	\$ -	#DIV/0!
ACCOUNT VARIANCE					\$ -	#DIV/0!
				TOTAL RATE	\$ -	#DIV/0!
REPORTED EXPENSES (ADJUSTED)			\$ -			
LESS REPORTED ALLOCATIONS			\$ -			
REPORTED VARIANCE			\$ -			
LESS VESTED TOWP EXPENSE			\$ -			
SUBTOTAL			\$ -			
ADD VESTED TOWP PAYOUTS:			\$ -			
VESTED TOWP LIAB 1/1/XX						
		\$				
CURRENT ACCRUED EXPENSE		-				
		\$				
SUBTOTAL		-				
LESS:						
VESTED TOWP LIAB 12/31/XX						
			\$ -			
SUBTOTAL			\$ -			
SUBTOTAL						
ADD JANUARY 1, XXXX BALANCE						
DECEMBER 31, XXXX BALANCE			\$ -			



## Schedule 19

### Field Small Tools Account

Labor		
Fringe Benefits		
Shop Overhead		
Materials		
Consumable Tools (Detail by major type)		
Salvage and waste Credits		
	-	
	-	
	-	
	-	-
<hr/>		
Total Costs		\$ -
Cost Allocations (Credits)		
Net Balance (Year-end variance)		\$ -
Total Field Labor (Including fringe benefits)		

## Field Small Tools Worksheet

Labor	\$	-
Fringe Benefits	\$	-
Supplies/Expenses	\$	-
Shop Overhead	\$	-
Consumable Tools	\$	-
Salvage and Waste Revenue received	\$	-
Net variance calculated back into equation		
Total Costs	\$	-
Cost Allocations (Credits)		
Net Reported Balance (Variance)	\$	-
Total Field Labor	\$	-
Rate (Total Cost/Total Field Labor)		#DIV/0!
Variance carry-forward from 12/31/20XX		
Rate (Variance Carry-Forward/Total Field Labor)		
Total Rate (Cost rate +/- Variance rate)		
Assigned Rate (Actual rate rounded to nearest tenth %)		

## Analysis of Materials and Supplies

Item	1/1/20XX	Purchases	Sales	Book Inventory 12/31/XX	Adjustment	Physical Inventory 12/31/20XX
<b>CONST. &amp; MAINT. MATERIALS</b>						
Culverts				\$ -	\$ -	
Gravel, Sand and Stone				\$ -	-	
Recycled Blacktop				\$ -	-	
Treated Sand				\$ -	-	
Salt				\$ -	-	
Screened Topsoil				\$ -	-	
Cracksealer/Tar				\$ -	-	
Chip Seal Gravel						
Subtotals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SHOP MATERIALS &amp; SUPPLIES</b>						
Repair Parts & Accessories				-	-	
Tires				-	-	
Batteries				-	-	
Blacksmith Iron & Steel				-	-	
Equipment Paint				-	-	
Subtotals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GASOLINE &amp; DIESEL FUEL</b>						
Gasoline				\$ -	\$ -	
Diesel Fuel				\$ -	-	
Subtotals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LUBRICATING OILS &amp; GREASES</b>						
Lubricating Oils				\$ -	-	
Antifreeze				\$ -	-	
Subtotals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Schedule 21****Due from State of Wisconsin  
State Trunk Highway System**

Balance Due January 1, 20XX

Expenditures

Reimbursed by State

\$ -Invoiced, Not Reimbursed December 31,  
20XX\$ -Plus Items Posted but Not  
InvoicedLess Items Invoiced but Not  
Posted

## Accounts Receivable

Account	Balance 1/1/XX	Current Year Expenditures	Current Year Receipts	Balance 12/31/XX
<b>Due From Towns</b>				
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
Subtotal	\$ -	\$ -	\$ -	\$ -
<b>Special Purpose Accounts</b>				
				-
				-
				-
				-
Subtotal	\$ -	\$ -	\$ -	\$ -
<b>Due From Schools</b>				
				\$ -
				-
Subtotal	\$ -	\$ -	\$ -	\$ -
<b>Due From State (General)</b>				
				-
				\$ -
				-
Subtotal	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	\$ -	\$ -	\$ -	\$ -

## Chapter 02-20-20 Field Small Tools

### (List not all Inclusive)

Air Compressors,  
hoses and connectors  
Asphalt Lutes  
Asphalt Pour Pots  
Axes  
Brooms, power and push  
Brushes for painting  
Cans for fuel and lubricants  
Caulk Guns  
Cement Cart, two wheels  
Chain Saws including,  
files, oil and chains Chisels  
Concrete Pavement  
Breaker Attachments  
Concrete Saws, up to 10  
hp. Concrete Saw Blades  
Concrete Scabblers  
Coolers for drinking water  
Crow Bars  
Diggers, posthole  
Digital Cameras  
Drills, core, elect., air  
hammer, gas  
Drills (elect) and bits  
Extension Cords Fence  
Stretchers Flashlights and  
Batteries Fuel for saws  
and mowers, etc.  
Generators, portable electric,  
< 3000-watt output  
Grab Hooks for logging  
Gopher Killers  
Grade Stake Ribbons  
Grade Stakes  
Grease Guns  
Grinders and Discs  
Hammers, including  
rotary Handles for axes,  
brooms, shovels etc.  
Hoses, garden type Ice  
Scrapers  
Jacks for raising culvert ends  
Jacks, hydraulic bridge  
Jumper Cables  
Ladders

Levels  
Mowers, push  
Padlocks Picks  
Pitchforks  
Pliers  
Pneumatic Jackhammers  
Posthole Diggers Pruners,  
(uses gas or hydr.  
pwr. pole) Pry  
Bars  
Pumps, breathing Pumps  
for oil drum etc.  
Punches  
Push Mowers and Blades  
Rakes  
Rear Blades Rebar  
Ties  
Root Grapples  
Rulers for carpentry  
Rumble Drums  
Sandblasting Hood and  
Lenses Saws, hand,  
hydraulic, chain, portable  
power Scabblers, concrete  
Scaffolding  
Scrapers w/ scarifier  
Screwdrivers  
Seeders  
Shears Shovels  
Side Cutters  
Silt Fence  
Socket Sets  
Sod Cutters  
Soil Saber/Soft Excavator  
Snow Blowers, push  
Sprayers, hand, paint  
Squeegees for asphalt  
Stencils  
Straps (hand down w/  
ratchet, lifting, tarp, tow)  
Sweepers, power broom  
w/ lift, push-type Tape  
Measures  
Tool Boxes Tractors w/  
broom/sweeper

Traffic Line Removers  
Trash Pickers and Bags  
Tree Planters  
Trowels for cement Trowels,  
power  
Twisters for Snow Fence  
Vibrators, concrete, high  
frequency Vises  
Weed Eaters and String  
Wrecking Bars  
Wrenches, hydraulic, impact

### **Safety Items**

Aprons  
Air Quality Meters  
Boots  
Chaps  
Cones  
Coveralls  
Decibel Meters  
Ear Protection  
Face Shields w/ headgear  
First Aid Kits  
Glasses  
Gloves  
Goggles  
Hard Hats and Liners  
Knee Pads  
Masks/Filters  
Rain Suits  
Safety Vests and Shirts

### **Traffic Items**

Barricades and Lights  
Batteries for Flashers  
Flags  
Sand Bags Signs, construction  
and hand-held Traffic cones  
Traffic counters

**Note: Like items that benefit  
multiple field projects should  
be treated as field small  
tools.**

# Charging for Brine

Counties have TWO options for charging the cost of brining.

1. Direct Charge the State
2. Cost Pool

● Brine for state system only:

1. Use state salt
2. Charge labor to RMA, Activity Code 072
3. Deicer additives — Charge/Credit RMA, Activity Code 072
4. Water — Charge gallons times price per gallon to RMA, Activity Code 072, if a separate water meter is attached to brine maker. Otherwise water is paid for in the-buildings and grounds cost pool.
5. Equipment Maintenance — Charge to RMA, Activity Code 072
6. Transportation to outlying sheds for only the brine used on state highway system - Charge to RMA, Activity Code 070

Charging Policy to the State for cost pooling (per gallon charge):

● Not eligible in cost pool (per gallon charge):

1. Building depreciation financed in whole or part by the state.
2. Additives (should be charged for direct bill)
3. State salt (this can be calculated by using 2.29 lbs./gallon)
4. Equipment purchased by the state in whole or part
5. Labor including fringe already paid through administration such as patrol supervisors and shop overhead such as shop supervisors
6. Utilities that are not directly metered to production of brine
7. Transportation of brine to storage tanks (may use Activity Code 070)

● ONLY Eligible Items in cost pool (per gallon charge) for state used brine

1. Building and Grounds Allocation
2. Any supplementary equipment used in the brining operations, such as a loader, can be charged to the cost pool using the published Statewide Equipment Rates.
3. Brining Equipment purchased by the county may be depreciated in the cost pool based on the guidance given in the Uniform Cost Accounting Manual.
4. Maintenance and repairs of the brining equipment
5. Labor and Fringe (not reimbursed elsewhere)
6. Utilities if separately metered.

In accordance with 2 CFR 200, the variance carryforward method will be used in order to meet SS 84.07(2)(a).

## 2019 Salt Brine Worksheet

County:

County Number:

Labor		\$	-
Fringe Benefit Costs			-
Supplementary Equipment (Example: Loader)			
Number of Hours used in Brining Operations	-		
State Rate	-		-
Brining Equipment Purchased by the County			
Depreciation	\$ -		
Other Expenses (maintenance and repairs)	-		-
Buildings & Grounds Allocation			-
Utilities (if separately metered)			-
Other			-
Total Costs			-
Cost Allocations (Credits)			-
Net Reported Balance (Variance)			-
<b>Gallons of Brine Dispersed in Current Year:</b>			
State	-		
Other	-		
Total	-		
Per Gallon Charge (before Variance Adjustment)	#DIV/0!		
Variance Adjustment	#DIV/0!		
<b>Salt Brine Production Charge per Gallon</b>			<b>#DIV/0!</b>

### Variance Computation

Reported Variance	-
Add January 1, 2019 Balance	-
December 31, 2019 Balance	-

[Salt Brine Instruction Video](#)



### Salt Brine Inventory Adjustments

Based on the State Salt Brining Cost Pool Policy when applying brine on State roadways you can not charge the State for county salt. This creates an issue when you work with state, county and municipal roadways.

With the difficulty in trying to keep separate brine inventories due tank capacities and blended routes It is suggested that you use either state or county salt for to make brine and do an inventory adjustment at the end of each month.

To make this adjustment you will need the gallons used on the State Roadways or County/Other Roadways

Based on past history there are 2.29lbs of salt in each gallon of brine.

See below examples showing the transfers

#### **State Salt used to make Salt Brine Inventory Adjustment**

##### **Salt Brine Used on County/Other Roadways**

	<b>Gallons</b>
	125,000.00
	<u>2.29</u>
Pounds	<u>286,250.00</u>
Tons	143.13

	<b>Increase State Salt Inventory</b>	<b>Decrease County Salt Inventory</b>
	<u>143.13</u> Tons	<u>143.13</u> Tons
<b>Cost</b>		<b>8,874.06 \$62.00 a ton</b>

#### **County Salt used to make Salt Brine Inventory Adjustment**


##### **Salt Brine Used on State Roadways**

	<b>Gallons</b>
	150,000.00
	<u>2.29</u>
Pounds	<u>343,500.00</u>
Tons	171.75

	<b>Decrease State Salt Inventory</b>	<b>Increase County Salt Inventory</b>
	<u>171.75</u> Tons	<u>171.75</u> Tons
<b>Cost</b>		<b>10,648.50 \$62.00 a ton</b>

## Chapter 02-25-01 Cost Invoicing – Activity Codes and Cost Codes

The Routine Maintenance Agreement (RMA) shall be subdivided into projects to collect costs. These costs shall be charged to projects using activity codes. The activity code(s) shall describe the work being done. Routine maintenance projects shall follow this guideline with a practical limit of 8 (with a maximum of 15) activity codes for a project.

	<b>Highway Maintenance Manual</b>	<b>Bureau of Highway Maintenance</b>
	<b>Chapter 02 Administration</b>	<b>October 2011</b>
	<b>Section 25 Cost Invoicing</b>	
	<b>Subject 01 Activity and Cost Codes</b>	

### [Full Listing of Activity and Account Codes](#)

## REFERENCE LINKS

Description	Web Site
Highway Cost Accounting Manual/Office Manager's Guide	<a href="https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/ucasm.aspx">https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/ucasm.aspx</a>
Wisconsin DOT	<a href="https://wisconsindot.gov">https://wisconsindot.gov</a>
<a href="#">Web Access Management System (WAMS)</a>	
State Phone Directory	<a href="https://stateempdir.wi.gov/">https://stateempdir.wi.gov/</a>
Road and Bridge Assistance Programs	<a href="https://wisconsindot.gov/Pages/doing-bus/local-gov/astnce-pgms/highway/default.aspx">https://wisconsindot.gov/Pages/doing-bus/local-gov/astnce-pgms/highway/default.aspx</a>
Wisconsin DOT Plans & Projects	<a href="https://wisconsindot.gov/Pages/projects/by-region/default.aspx">https://wisconsindot.gov/Pages/projects/by-region/default.aspx</a>
Wisconsin Information System for Local Roads (WISLR)	<a href="https://wisconsindot.gov/Pages/doing-bus/local-gov/wislr/default.aspx">https://wisconsindot.gov/Pages/doing-bus/local-gov/wislr/default.aspx</a>
Highway Maintenance	<a href="https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/default.aspx">https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/default.aspx</a>
Highway Maintenance Manual Chapter 2	<a href="https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/chapter02.aspx">https://wisconsindot.gov/Pages/doing-bus/local-gov/hwy-mnt/mntc-manual/chapter02.aspx</a>
National Association of County Engineers	<a href="http://www.countyengineers.org/Pages/default.aspx">http://www.countyengineers.org/Pages/default.aspx</a>
Wisconsin Counties Association (WCHA)	<a href="http://www.wiscohwy.org/">http://www.wiscohwy.org/</a>
Chems MPM Forum - Job Aids, Videos, Templates & How to	<a href="http://www.chems.info/vb/forum/mpm">http://www.chems.info/vb/forum/mpm</a>

## MACHINERY RENTAL RATE INFORMATION

### Introduction

All machinery and equipment classified by the Joint Machinery Management Committee is subject to established policies covering the cost of such items. The committee establishes a service life expectancy link is below which is required to be used in determining depreciation charges. In addition to using the service life established by the committee, depreciation must be computed using the straight-line method with a 15% scrap value assumption. The straight-line method results in charging off the total capitalized costs, less the salvage allowance, equally over the service life of the item.

### Computing Depreciation

Depreciation is computed by first determining the assets total cost. Cost is equal to the amount paid to the vendor plus the book value of any machine trade-in. In addition, cost includes expenditures to make the unit serviceable, including installation cost or cost of installing permanent accessories. Once cost has been established, a 15% allowance is established for salvage value, which is deducted from the total cost to arrive at the depreciable value. This value is then divided by the service life established for the specific class of equipment to arrive at the annual depreciation amount. (It is suggested that when such computations are done manually that amounts calculated for depreciation and salvage value be rounded to the nearest dollar. The odd cents may be included as depreciation in the year of acquisition to ease the bookkeeping task.) See fixed asset accounting procedures described in the previous section.

When service lives are adjusted for assets already in service, the annual depreciation charge must be determined by dividing the gross capitalized value, less 15% salvage, by the new service life. The annual amount determined is the new depreciation amount. Changes in service life cannot be accounted for by charging the undepreciated value at the date of change over the balance of the years remaining between the new estimated life and the already expired service life.

**For state rated equipment to get the proper classification, depreciation life, and billing rate for rated equipment refer to**

**[Highway Maintenance Manual - Standard Equipment Chapter 2-25-50](#)**

**[Highway Maintenance Manual - Standard Equipment Pictures](#)**

**[Highway Maintenance Manual - Non-Standard Equipment Chapter 2-25-55](#)**

**[Highway Maintenance Manual - Non-Standard Equipment Pictures](#)**

**Accounting Guidance on Performance Based Maintenance Contracts Between  
Wisconsin DOT and Wisconsin County Highway Departments (REVISED 9/30/14)**

At the January 27, 2014 PBM Administration Committee conference call meeting, a sub-committee was formed to draft language discussing two issues: A Uniform Cost Accounting Manual addendum and Recording of Costs and Revenues for PBM projects.

The Uniform Cost Accounting Manual addendum language change was as easy as adding a simple statement to the third paragraph on Page 4 that ends with “a cost reimbursement basis.” By adding after basis, “or under a contract price for payment basis under Wisconsin Statute 84.07(2)(b).” This will then allow both the Wisconsin Department of Transportation and Wisconsin County Highway Departments to contract either using an Actual Cost Reimbursement or Contract Price basis.

The next discussion area was the recording of Costs and Revenues for PBM projects, and how to accomplish this easily and without adding steps in the process unnecessarily. Three options were presented and discussed, and ultimately only one was preferred. This option was to use a “Separate Expense Account and Revenue Account for recording of PBM Contract efforts.”

All PBM project cost detail expenditures (Labor, Fringes, Small Tools, Materials, and Equipment Usage – not including Administrative Support as this is not an expense item) are to be recorded in the State Expense Account [1], while all PBM project revenues (based on quantities or units of measure) are also to be recorded in the State Revenue Account. Because no end of month or project invoicing occurs under PBM contracts, a separate State Accounts Receivable is not required or necessary.

The following chart attempts to identify those differences and similarities between the two types:

<u>Contract Cost Component</u>	<u>RMA</u>	<u>PBM</u>
1. Separate State Accounts [1]	NO	YES
2. Separate Project ID	YES	YES
3. Project Costs (Labor, FB, etc.)	YES	YES
4. State invoice or A/R	YES	NO
5. Admin. Support [2]	YES	NO
6. Cost Reimbursement Basis	YES	NO
7. Contract Unit Price	NO	YES
8. Expense = Revenue	YES [3]	NO
9. Agreement Narrowly Defined/Activity Specific	NO	YES
10. Reimbursed off Invoice	YES	NO
11. Reimbursed off Quantity Used And Unit Price	NO	YES

[1] Implies different State accounts than used for normal RMA work

[2] Implies Admin. Support applied on invoice only and not recorded in expense account as not allowable per Cost Manual. Some counties may consider Admin. Support recovery when calculating unit price.

[3] RMA expense total do not include Administrative Support but revenue will include the application of Administrative Support for reimbursement.

## **GASB 34**

### **OWNERSHIP OF INFRASTRUCTURE ASSETS**

When ownership of an infrastructure asset is unclear, the government that is primarily responsible for managing that asset should report the infrastructure asset. Essentially, the government unit that pays the bills for the day-to-day maintenance costs is the owner of the infrastructure asset. A good example is a bridge on a county trunk highway is replaced, but the county pays for only 20% of the construction costs directly. The State of Wisconsin pays the other 80% directly. The bridge belongs to the county due to the fact that the county is responsible for the inspection, maintenance and insurance of this bridge.

Use the guidelines established by county financial officer, auditor and highway staff, for the costing of infrastructure:

1. Items to be capitalized (i.e. roads, culverts, bridges, traffic signals, right-of-way, etc.).
2. Thresholds. Typically, a County will need to establish a capitalization policy for infrastructure assets. The capitalization thresholds that are established should ensure that infrastructure values materially represent the County's financial condition without creating excessive record keeping requirements.
3. Life expectancy.
4. Salvage percentages.
5. 12/31/YY current dollar value with supportive schedule.
6. What resource will be used for deflating factors if you are using estimated historical cost to arrive at capitalized cost?

### **VALUATION OF INFRASTRUCTURE ASSETS**

Capital assets (including infrastructure assets) are required to be reported at actual cost under GASB 34.

### **HOW TO VALUE INFRASTRUCTURE ASSETS**

According to GASB 34, each jurisdiction can use one of two general methods for valuing existing infrastructure assets: depreciation or the modified approach. Whichever method is used, a fundamental requirement is a good inventory of assets. The inventory will include the historical cost, or estimated historical cost, of construction.

- **Depreciation method of valuing assets**
- 

The easiest method for valuing assets under GASB 34 is depreciation. Governments can use any reasonable and established method to depreciate an asset's value over its useful life until it reaches salvage value. On each year's financial statement, depreciation will be shown as an expense, and the capitalized value of the asset declines each year by the annual depreciation.

One simple method for determining depreciation is straight-line depreciation. The annual amount of straight-line depreciation is determined by the following equation:

$$\text{Annual depreciation} = (\text{historical cost} - \text{salvage value}) / \text{useful life in years}$$

The life (and value) of a road, culvert, bridge, traffic signal etc. largely depends on how well it is maintained. Regular maintenance adds value to infrastructure assets.

The alternative approach to valuing existing assets suggested by GASB 34 is called the "modified approach."

- **Modified approach to valuing assets**

The modified approach to valuing capital assets incorporates the benefits, or value, of maintenance activities into the reporting process. GASB 34 does not provide a complete description of such an approach but does describe the minimum required inputs and outputs. In general, they include the following:

- Maintain an up to date inventory of infrastructure assets.
- Regularly assess the condition of all infrastructure assets and summarize the results using a measurement scale.
- Each year, estimate the annual cost required to maintain and preserve the assets at a minimum condition level established by the County Board. The minimum condition level should be expressed in terms of categories or a condition index (i.e. good, fair, and poor).

According to GASB 34, the assessment of infrastructure conditions must be conducted at least once every three years. In addition, the result of the three most recent condition assessments must provide reasonable assurance that the assets are being preserved approximately at or above the minimum condition level established by the county.

The mechanics of implementing the modified approach are left to the county to determine.

**If the two requirements (asset management (inventory) system and documentation of preservation of infrastructure assets at condition level established) are no longer satisfied then the government must calculate depreciation expense and disclose for current and subsequent reporting periods.**

# DETERMINING CURRENT BOOK VALUE OF INFRASTRUCTURE ASSETS

Current book value or current value is defined as estimated historical or actual cost of an asset less its life-to-date depreciation expense.

Under the depreciation method for valuing assets, deriving a current book value is fairly straightforward. However, under the modified approach, deriving a current value for infrastructure assets will be one of the most problematic requirements for county financial officer, auditor and highway staff.

For most counties, the most practical implementation method would be to use:

1. The estimated historical cost (normal costing method), which can be determined by calculating the current replacement value of a similar infrastructure asset and deflating this current replacement value through price-level indexes to the construction year. Using this method, counties can immediately account for all infrastructure assets relating to county trunk roadways, culverts, bridges, traffic signals, right-of-way and etc.

2. Depreciation. Depreciation is the systematic and rational allocation of the net cost of the infrastructure asset over the infrastructure assets estimated useful life. More than likely the straight-line depreciation method will be used. In addition, for some infrastructure assets a salvage value may remain at the end of its useful life. Depreciation may be reported by:

- A network of infrastructure assets (10% of cost of all capital assets)
- A subsystem of a network of infrastructure assets (5% of cost of all capital assets)
- Individual infrastructure assets

## OTHER ISSUES RELATED TO INFRASTRUCTURE ASSET REPORTING UNDER GASB 34

The following are some of the issues that will have to be addressed:

- **Some road construction projects take more than one year to complete due to the stages of road engineering work, right of way purchase, road base reconstruction and surface mat layout.**

*Construction in progress will have to be tracked at first and then converted to the finished road segment.*

- **Road construction projects may not always match up perfectly with the road segments setup in the PASER database (i.e. segments too lengthy at times).**
- **It is important to be able to match your asset management (inventory) system with your infrastructure road rating system (i.e. PASER).**
- **Road construction projects through urban areas (villages & cities) may involve cost-sharing agreements and questions of what is really owned by the County.**
- **Jurisdictional transfers take place that will have to be tracked.**

**Distinguishing what are really construction costs to be setup versus what is really maintenance costs to be expensed.**



## **GASB 87 LEASES**

As discussed in greater detail below, GASB 87 provides for three accounting treatments: short-term leases, contracts that transfer ownership, and contracts that do not transfer ownership — a catchall for all remaining leases of nonfinancial assets.

Without the need to distinguish between operating and finance leases, the new GASB standard will improve the recognition of leased assets and related liabilities and improving the comparability of financial statements among governmental entities.

### **SHORT-TERM LEASES**

Under GASB 87, the identification of a short-term lease hinges entirely on the length of the maximum possible noncancelable lease term. If the lease agreement specifies a noncancelable term, after considering the effects of potential extensions (regardless of their likelihood of being exercised), of 12 months or less, the lease is deemed a short-term lease.

Lessee accounting for short-term leases is functionally identical to the accounting for operating leases under FASB 13, requiring entries to be posted only to account for the outflow of resources during each period. For governmentwide and proprietary fund financial statements (accounted for using economic resources measurement focus), these payments will be recognized as a rent expense, while for modified accrual fund financial statements, the rent payments will be recorded as expenditures. Short-term leases require no additional disclosures.

### **CONTRACTS THAT TRANSFER OWNERSHIP**

Lease contracts that transfer ownership are treated explicitly as sales of the asset by the lessor and a purchase of the asset on credit by the lessee. These arrangements can transfer ownership in two ways, both requiring the contract to have no termination options. First, the contract can directly specify ownership is transferred at the end of the life of the lease. Alternatively, the contract can implicitly allow the borrower to continue to hold the property to the end of its life by setting up a fiscal funding or cancellation clause (which only activates if the governmental entity does not provide a provision for the payment of the lease obligation) that is reasonably certain not to be exercised.

# ALL OTHER LEASES

All leases that do not fall into the two categories listed above are treated with the new single-model approach. Lessees will be required to concurrently recognize a right-of-use asset (reported as an expenditure on modified accrual fund financials, like a capital asset purchase) and the related lease liability (other financing source on modified accrual fund financials). The lease liability, as was standard under FASB 13, will be measured at the present value of effectively fixed minimum lease payments, while the asset's initial balance will equal the liability plus additional payments for initial direct costs made to the lessor on or before the start of the lease term. As the right-of-use asset is classified as an intangible, lessees will be required to amortize the value of the asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. Consistent with the lease liability's treatment as a financing, lessees will also recognize interest expense (expenditures on modified accrual fund financials) over time based on the current balance of the lease and the implicit interest rate charged to the lessee.

Lessee disclosures under the GASB 87 single-model approach will be functionally similar to the disclosures required of lessees with capital leases under the FASB 13 requirements, including a description of leasing arrangements, a summary of lease assets' historical cost and accumulated amortization by type of asset, and a delineation of principal and interest payments required over each of the next five years and beyond, grouped in five-year increments. Special lease transactions, such as subleases and sale-leaseback transactions, will require separate disclosures.

# ILLUSTRATIONS

The illustrations in the tables with this article demonstrate the basics of how lessees will be required to account for short-term and long-term ownership transferring and non-ownership-transferring leases and how to present them on their financial statements under GASB 87.

Table 1 illustrates a short-term lease, including the calculations and required journal entries under both accrual and modified accrual accounting.

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**Table 1: Illustration of lessee accounting for a short-term lease**

Pike Township leases a piece of equipment for 12 months on 1/1/year 1. The equipment has a five-year economic life. The lease calls for monthly payments of \$2,000 at the end of each month. The lease conveys no ownership at the end of the lease term, there are no cancellation options, and there are no potential extensions to the term. Because the lease specifies a noncancelable term of 12 months or less, with no extension options that are reasonably certain to be exercised, the lease will be treated as a short-term lease under GASB 87.

**Accrual accounting: The first month's journal entry would be:**

1/31/year 1	Rent expense	2,000	
	Cash		2,000

*To record the January year 1 rent payment under the short-term lease.*

**Modified accrual accounting: The first month's journal entry would be:**

1/31/year 1	Expenditures: Rent	2,000	
	Cash/vouchers payable (if paid by other fund)		2,000

*To record the January year 1 rent expenditure under the short-term lease.*

Table 2 illustrates a long-term (non-ownership-transferring) lease for Pike Township, including the present value calculations and an amortization table. Large organizations with adequate budgets can purchase sophisticated leasing software to automatically calculate the present value of future lease payments. Organizations too small to afford such software can either obtain the present value of an annuity of future lease payments using free calculators available on websites (e.g. calculate it using the Excel PV function, entered as =PV(interest rate, number of periods, payment amount, future or residual value, payment time end of period=0 or beginning of period =1). A final option is to obtain the appropriate present value factor from annuity tables provided in most accounting and finance textbooks and multiply it by the annual lease payment.

**Table 2: Illustration of lessee accounting for a long-term (non-ownership-transferring) lease**

Pike Township leases a machine for a noncancelable term of three years on 1/1/year 1. The machine has a fair value of \$75,000 and a 10-year economic life. The lease calls for annual lease payments of \$10,000 on 12/31 of each year, and the implicit interest rate known to the township is 5%. The lease conveys no ownership at the end of the lease term, contains no purchase option, and requires no guarantee of residual value. Because the noncancelable lease term extends past one year, Paragraph 20 of GASB 87 requires the lessee to recognize a lease liability and an intangible right-of-use asset.

Present value of the lease payments:  $=PV(.05,3,-10000,0,0) = \$27,232.4803$   
 Rounded to nearest integer (zero decimals):  $=ROUND(PV(.05,3,-10000,0,0),0) = \$27,232$

**Amortization table for the long-term lease asset and liability**

Date	Lease payment	Interest rate 5%	Loan amortization	Balances for the long-term lease:	
				Asset	Liability
1/1/year 1				\$ 27,232	\$ 27,232
12/31/year 1	\$ 10,000	= \$ 1,362	+ \$ 8,638	18,155	18,594
12/31/year 2	10,000	= 930	+ 9,070	9,077	9,524
12/31/year 3	10,000	= 476	+ 9,524	-	-
Totals	<u>\$ 30,000</u>	<u>= \$ 2,768</u>	<u>+ \$ 27,232</u>		

Per Paragraph 31 of GASB 87, in the case of a nonownership purchase lease, the asset is amortized straight-line over the shorter of the lease term (three years) or the useful life of the asset (10 years) and may be combined with depreciation expense related to other capital assets.

The liability is amortized annually by the difference between the interest expense and the lease payment.

The Excel PV formula displayed in Table 2 contains a few subtleties. First, the lease payment amount of \$10,000 must be entered as a negative number because it represents a cash outflow. The next element in the formula is zero, indicating the lessee receives no future or residual value. If so, it would be entered as a positive number to represent a future inflow. The final element in the formula is zero, indicating this is an ordinary annuity where payments occur at the end of each period. If payments were made at the beginning of each period (an annuity due), the final element in the formula would be 1.

The Excel ROUND function is useful with the PV function because it rounds a number to a specified number of digits. It is entered as =ROUND(the number you want to round, the number of digits to which to round). Table 2 shows how these two functions can be nested together. To avoid decimals in the amortization table in Table 2, all formulas used the ROUND function with the number of digits set to zero.



Pike Township leases office equipment with a fair value of \$75,000 for three years on 1/1/year 1. The equipment has a 10-year useful life with no residual value. The lease calls for three payments of \$27,540 on 12/31 of each year, and the implicit interest rate known to the township is 5%. The lease conveys ownership to the township at the end of the lease term. The township intends to use the leased asset for its entire useful life and depreciates similar assets using the straight-line method.

**Amortization schedule for the lease liability**

Date	Lease payment	5% interest	Lease liability balance
1/1/year 1			\$ 75,000
12/31/year 1	\$ 27,540	\$ 3,750	51,210
12/31/year 2	27,540	2,560	26,230
12/31/year 3	27,540	1,310	-
Totals	\$ 82,620	\$ 7,620	

**Accrual accounting: First year's journal entries would be:**

<b>1/1/year 1</b>	Office equipment	75,000	
	Lease liability		75,000
	<i>To record the purchase of the office equipment on credit.</i>		
<b>12/31/year 1</b>	Lease liability	23,790	
	Interest expense	3,750	
	Cash		27,540
	<i>To record the annual payment of principal and interest on the lease-financed purchase.</i>		
<b>12/31/year 1</b>	Depreciation expense: Office equipment	7,500	
	Accumulated depreciation: Office equipment		7,500
	<i>To record annual straight-line depreciation on the asset over its 10 years of expected time in service.</i>		

**Modified accrual accounting: The first year's journal entries would be:**

<b>1/1/year 1</b>	Expenditure: Office equipment	75,000	
	Other financing source: Lease liability		75,000
	<i>To record the purchase of the office equipment on credit.</i>		
<b>12/31/year 1</b>	Other financing source: Lease liability	23,790	
	Expenditure: Interest	3,750	
	Cash		27,540
	<i>To record the annual payment of principal and interest on the note-financed purchase.</i>		

**Note: Depreciation expense is not recognized in modified accrual accounting financial statements.**

**Pike Township**  
**Schedule of items appearing on the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances**  
**For the year ended 12/31/year 1**

**Expenditures:**

Expenditure: Lease right-of-use asset	\$ 27,232
Expenditure: Lease liability	8,638
Expenditure: Interest	1,362
Expenditure: Rent	24,000 *

**Other financing sources:**

Other financing source: Lease liability	\$ 27,232
---	-----------

\* \$2,000 per month from Table 1 × 12 months = \$24,000.

## WAMS - Wisconsin Access Management System

For you to access the MPM State Financial Reporting System you will need a WAMS ID follow the instructions below to receive your WAMS ID

### **1. Get your WAMS-ID in Production and your WAMS-ID in Acceptance**

For directions on getting a WAMS-ID in Production if you don't already have one.

Your WAMS username and password will be your username and password for the MPM system. [click here](#) for the directions on getting your WAMS ID

When you're ready, you can [click here](#) to sign up for a WAMS-ID in Production.

When you're ready, you can [click here](#) on the link below to sign up for a WAMS-ID in Acceptance.

WAMS Acceptance is a separate system from WAMS Production. Your WAMS Acceptance user name and password will be used for training. To make it easier to remember, we recommend using the same user name and password that you did for WAMS Production.

### **2. Sign up for the MPM system**

[Click here](#) to complete a short survey to tell us your WAMS-ID username in Production and your WAMS-ID username in Acceptance.

This information will be used to give you access to MPM. Based on your current responsibilities, your chief & supervisor identified your permissions in the system, which are in the attached document.

## **MPM Training Videos**

### MPM Basics & Navigation

#### MPM Equipment Part 1 Classify Equipment

#### MPM Equipment 2 Change Equipment Classification

#### MPM Equipment Part 3 Change Equipment Information

#### MPM Equipment Part 4-View County Equipment List

#### MPM Working with Invoice Templates

#### MPM Upload and Submit Monthly Invoice

#### MPM County RMAs, DMAs & TMAs

# MPM Financial Statements

The screenshot shows a web browser window with the URL <https://accsistance.dot.state.wi.us/fin/FinancialReports/Main>. The browser's address bar and tabs are visible at the top. Below the browser window is a blue header bar for the "State of Wisconsin Department of Transportation" with the "ACPT" logo on the right. A green navigation bar contains links for "Home", "Financial Report", "Survey", "Help", and "Log Off". The main content area is titled "Annual Financial Reports" and includes "Back" and "Print" buttons. Below the title are three dropdown menus for "County" (set to "OUTAGAMIE"), "Region" (set to "NE"), and "Year" (set to "2018"). A list of 20 financial report categories is displayed, each with a blue hyperlink and a light gray background bar. The categories are: Inventory of Buildings, Inventory of Improvements Other than Buildings, Inventory of Machinery and Equipment, Machinery and Equipment Purchased, Machinery and Equipment Traded-In, Machinery and Equipment Sold, Machinery and Equipment Discarded, Buildings Sold, Buildings Discarded, Improvements Other than Buildings Sold, Improvements Other than Buildings Discarded, Building & Ground Operation, Fuel Handling, Analysis of Materials and Supplies, Shop Operation, Distribution of Shop Overhead at Year End, Highway Administration, Other Administration and General Expenses, Reconciliation of Current Year's Depreciation, Operation of Equipment (Equipment Cost Analysis Form), and Upload Entire Financial Report. At the bottom of the screen is a Windows taskbar with various application icons and a system clock showing 12:31 PM on 6/13/2019.

Financial Reports Main Screen

State of Wisconsin  
Department of Transportation

ACPT

Home Financial Report Survey Help Log Off

Annual Financial Reports

County: OUTAGAMIE Region: NE Year: 2018

[Inventory of Buildings](#)

[Inventory of Improvements Other than Buildings](#)

[Inventory of Machinery and Equipment](#)

[Machinery and Equipment Purchased](#)

[Machinery and Equipment Traded-In](#)

[Machinery and Equipment Sold](#)

[Machinery and Equipment Discarded](#)

[Buildings Sold](#)

[Buildings Discarded](#)

[Improvements Other than Buildings Sold](#)

[Improvements Other than Buildings Discarded](#)

[Building & Ground Operation](#)

[Fuel Handling](#)

[Analysis of Materials and Supplies](#)

[Shop Operation](#)

[Distribution of Shop Overhead at Year End](#)

[Highway Administration](#)

[Other Administration and General Expenses](#)

[Reconciliation of Current Year's Depreciation](#)

[Operation of Equipment \(Equipment Cost Analysis Form\)](#)

[Upload Entire Financial Report](#)



# MPM Surveys

The screenshot shows a web browser window with the URL <https://acceptance.dts.state.wi.us/mpm/surveyMain>. The browser's address bar and tabs are visible at the top. Below the browser window is a blue header bar for the "State of Wisconsin Department of Transportation" with the "ACPT" logo on the right. A green navigation bar contains links for "Home", "Financial Report", "Survey", "Help", and "Log Off". The main content area is titled "Survey Main Screen" and includes "Back" and "Print" buttons. Below the title are three dropdown menus: "County: OUTAGAMIE", "Region: NE", and "Year: 2018". A list of survey links is displayed, each with a corresponding version or quarter dropdown menu where applicable:

- [Status by County](#)
- [Survey of Highway Administration Costs](#)
- [Cost Trends Survey](#)
- [Field Small Tools Survey](#) (Version: 1)
- [Fringe Benefits Survey](#) (Version: 1)
- [Fuel Survey](#) (Quarter: --Select One--)
- [GPL Insurance Survey](#)
- [Net Book Value Survey](#)
- [Radio/Communication Inventory Survey](#)
- [Salt Storage Survey](#)
- [Shop Labor Wages Survey](#)
- [Equipment Storage Reimbursement Survey](#)
- [Labor Survey](#)
- [Material Survey](#)
- [Lump Sum Material Survey](#)

The Windows taskbar is visible at the bottom of the screen, showing the time as 12:39 PM on 6/13/2019.

## SAMPLE MPM INPUT SCREEN

Dynamic Edit

https://ecopline.state.wi.us/mgm/dynamicScreenEdit?region=1&county=15&year=2018&category=17&dataDrop=0&fileURL=&userParam1=&userParam2=

Dynamic Edit

WyDOT | Expense Reports | MPM Main Screen Accepta... | WAMS Production | Payroll Entry | Mail - john.wilson@dot.wi... | Log In

State of Wisconsin  
Department of Transportation

ACPT

Home Financial Report Survey Help Log Off

County: DOOR Region: NE Year: 2018 Go

**Highway Administration**

Submit Validate Save Back Print Current Status: Open for Submission  
Show Workflow

County : DOOR Region : Northeast Year : 2018

Help Job Aid: Highway Administration

Assigned Role	Name	Action Performed	Date Performed	Status

**Labor**

Commissioner:

Other Labor:

Total:

Fringe Benefits Cost:

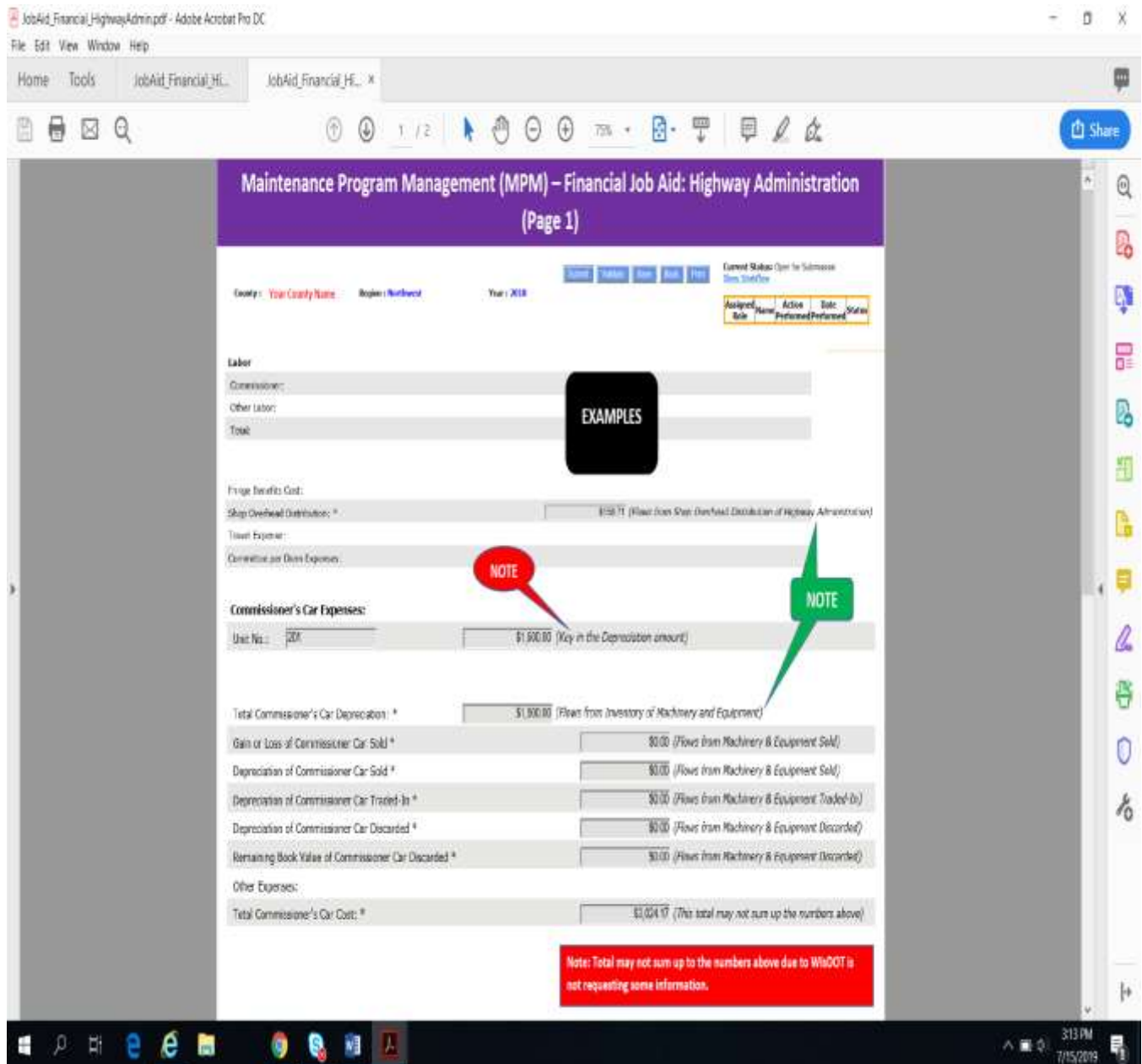
Shop Overhead Distribution: \* (Flows from Shop Overhead Distribution of Highway Administration)

Travel Expense:

Committee per Diem Expenses:

if you have questions concerning the Input Screen you are working on use the **Job Aid** as a resource.

## MPM JOB AID SAMPLE



# *FREQUENTLY ASKED QUESTIONS*

**Major Repair Cost subtracted from Accumulated Depreciation**

<b>Asset Life 9 Years</b>		<b>2019</b>	
<b>Fuel Truck Major Repair</b>	<b>Original</b>	<b>Calculation</b>	
Original Cost	137,593.47	<b>137,593.47</b>	
<b>Major Repair Cost</b>		<b>30,021.47</b>	
Asset Cost	137,593.47	<b>137,593.47</b>	
Original Salvage Value	20,639.02	20,639.02	
<b>Depreciable Value</b>	116,954.45	<b>116,954.45</b>	
Prior Accumulated Depreciation	116,954.45		
<b>New Accumulated Depreciation</b>		<b>86,932.98</b>	<b>Prior Accumulated Depreciation - Major Repair Cost</b>
<b>Amount to Be Depreciated</b>		<b>30,021.47</b>	<b>Depreciable Value - New Prior Accumulated Depreciation</b>
<b>Annual Depreciation</b>		<b>12,994.94</b>	<b>Depreciable Value / by Asset life of 9 Years</b>
<b>Calculation of remaining years</b>			
Amount to be depreciated		30,021.47	
<b>Years remaining</b>		<b>2.31</b>	<b>Amount to be Depreciated/Annual Depreciation</b>
<b>2019</b>		<b>12,994.94</b>	
<b>2020</b>		<b>12,994.94</b>	
<b>2021</b>		<b>4,031.59</b>	
<b>Total Major Repair Depreciation</b>		<b>30,021.47</b>	

**The yellow highlighted items show that using the 9 Year Life**, and entering the **new line item** Major Repair Cost, the following accounts are affected: Depreciable Value, New Accumulated Depreciation, Amount to be Depreciated and Annual Depreciation

### Betterment

Betterment added to value of asset and new salvage value calculated

<b>Asset Life 9 Years</b>			
<b>Fuel Truck Betterment</b>	<b>Original</b>	<b>2019 Betterment</b>	
Original Cost	137,593.47	137,593.47	
<b>Betterment Cost</b>		<b>30,021.47</b>	
<b>New Asset Cost</b>	137,593.47	<b>167,614.94</b>	<b>New Asset Cost = Original Cost + Betterment</b>
Original Salvage Value	20,639.02		
<b>New Salvage Value</b>		<b>25,142.24</b>	<b>New Asset Cost * 15%</b>
<b>New Depreciable Value</b>	116,954.45	<b>142,472.70</b>	<b>New Asset Cost - New Salvage Value</b>
Prior Accumulated Depreciation	116,954.45	116,954.45	
<b>Amount to Be Depreciated</b>		<b>25,518.25</b>	<b>New Asset Cost - Prior Accumulated Depreciation</b>
<b>New Annual Depreciation</b>		<b>15,830.30</b>	<b>New Depreciable Value / by Asset life of 9 Years</b>
<b>Calculation of remaining years</b>			
Amount to be depreciated		<b>25,518.25</b>	<b>Amount to Be Depreciated / New Annual Depreciation</b>
<b>Years remaining</b>		<b>1.61</b>	
<b>2019</b>		<b>15,830.30</b>	
<b>2020</b>		<b>9,687.95</b>	
<b>Total Betterment Depreciation</b>		<b>25,518.25</b>	

The yellow highlighted items show that using the 9 Year Life, and entering the new line item Betterment Cost, the following accounts are affected: Asset Cost, Salvage Value, Depreciable Value, Amount to be Depreciated and Annual Depreciation.

### Equipment totaled by Insurance

A truck that was involved in an accident (which was totaled by the insurance company). It was bought back and parts were salvaged off of it. Then the remainder of the truck was sold on Wisconsin Surplus. Here are the specifics:

Original purchase price was	\$82,307.56
Book Value at time of accident	\$77,771.00
2019 depreciation (5 months)	\$ 3,240.00


Insurance company agreed to pay	\$ 56,605.00
Insurance deductible of	\$ - 1,000.00
Bought the truck back for	<u>\$ - 8,150.00</u>
Net insurance check for	\$ 47,550.00

Then the truck sold for	\$19,300.00
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Answer...


### MACHINERY & EQUIPMENT SOLD YEAR 2019

UNIT NO.	TYPE OF EQUIPMENT	COST	PRIOR YEARS' DEPRECIATION	2019 DEPRECIATION	BOOK VALUE WHEN SOLD	SALE PRICE	GAIN / (LOSS)
???	Truck in Accident	\$82,307.56	\$1,296.56	\$3,240.00	\$77,771.00	\$66,850.00	(\$10,921.00)
<b>TOTALS</b>		<u>\$82,307.56</u>	<u>\$1,296.56</u>	<u>\$3,240.00</u>	<u>\$77,771.00</u>	<u>\$66,850.00</u>	<u>(\$10,921.00)</u>

Year End Task Schedule January				
January Tasks		OMG PG #	YE Entry	State Schedule 
1	Clear out Petty Cash Expenses from prior year, prepare Balance Sheet workpaper.			
2	Check to make sure all mileage from Commissioner's/Superintendents vehicle are in.			
3	Verify all cash receipts are entered for the year.			
4	Set up AR Invoices for GTA Payments.			
5	WDOT Quarterly Fuel Report: 4th Qtr. Due 01/15 No HMM Ref			
6	Update Financial Software with Equipment Rates for new year.			
7	Update Financial Software with Activity Codes for new year.			
8	Calculate Fuel handling Rate. Audit Schedule 4	3,17		4
9	Close Out Capitalized Bldgs., Improvements Other than Buildings(if needed)also WIP Accounts	4-8	Yes	
10	Close out Capitalized Land (if needed)	4	Yes	
11	Set up new Bldgs./Improvements for Depreciation: Prepare Preliminary Schedules 11 & 12	4-8		
12	Request Update from DT on State Projects for year end. (Percent complete, costs to date)			
13	Make sure there are no remaining Equipment Rentals to charge out.	8-12		
14	Prepare Inventory of Buildings. (Bldg. Depreciation) Audit Schedule 12	4-6		12
15	Prepare Inventory of Improvements Other Than Buildings. Audit Schedule 11	7-8		11
16	Review Equipment usage details for prior year, any charges to disposed units not corrected need manual adjust on schedule 7			7
17	Prepare Schedules for Equipment Purchased. Audit Schedule 14			14
18	Prepare Schedules for Equipment Traded. Audit Schedule 15			15
19	Prepare Schedules for Equipment Sold. Audit Schedule 16			16
20	Prepare Schedules for Equipment Discarded/Scrapped. Audit Schedule 17			17
21	Book any Accrual or Prepaid entries necessary, prepare workpaper.	14		
22	Prepare Final Schedule for Inventory Analysis of Materials & Supplies. Audit Schedule 20.	13-14		20
23	Prepare Schedule of Bituminous Operations. Audit Schedule 9	14		9
24	Prepare Schedule of Pit & Quarry Operations. Audit Schedule 10	19-21		10
25	Calc/Request approval from DOT new "Fringe Benefits & Small Tools Rate". Fringe Benefit & Small Tools Worksheet.(All Billing & PR must be in. (Audit Schedules 18-19a)	22-24		18;18a; 19;19a



	February Tasks	OMG PG #	YE Entry	State Schedule	✓ Completed
26	Adjust Depreciation on Superintendent's vehicles(Depreciation by miles, not time)				
27	Prepare Inventory of machinery & Equipment. Audit Schedule 13.			13	
28	Prepare Recon for Year End Accum Deprec: Bldgs., Improvements & Machinery & Equip.				
29	Prepare Reconciliation of Current Years Depreciation. Tie to financial software Balance Sheet Accts. Audit Schedule 8	4-12		8	
30	Calculate & Post Annual Depreciation on Equipment, Buildings & Improvements	4-12	Yes		
31	Calculate & Post Annual Contributed Capital Share on State Finance Equipment	4-12	Yes		
32	Close Out Fuel Handling Cost Pool variance to Shop Operations Cost Pool	17	Yes		
33	Close Out Fringe Benefits Cost Pools.	23-24	Yes		
34	Prepare Accounts Receivable Schedule. Audit Schedule 22			22	
35	Prepare Due from State of Wisconsin schedule. Audit Schedule 21			21	
36	Prepare Inventory of Salt Shed Bldgs.(State form no audit schedule number)	4-6		EOYF	
37	Set-up GASB 34 Spreadsheets for Year End Audit: Bridges, Roadways & Culverts	61-63			
38	Prepare Building & Grounds Operation Schedule. Audit Schedule 1.	15-17		1	
39	Prepare Building & Grounds allocation Journal Voucher, Closing -Out Bldg. & Grounds Cost Pool.	15-17	Yes		
40	Prepare Shop Operation worksheet. Audit Schedule 5	17-18		5	
41	Prepare Shop Overhead Distribution worksheet. Audit Schedule 6	17-18		6	
42	Allocate Shop Operations Overhead to remaining Orgs/Close Out Shop Ops Cost Pool.	17-18	Yes		
43	Close Out Field Small Tools Cost Pool	22	Yes		
44	Close Out Brine Cost Pool	25 54-56	Yes		
45	Close Out Revenue to transportation Cost Pool for Equipment of machinery. (This Cost Center closes to Fund Balance)	4-12	Yes		
46	Prepare Highway Administration worksheet. Audit Schedule 2.			2	
47	Prepare Other Admin & General Expenses worksheet. Audit schedule 3.			3	
48	Prepare Operation of Equipment/Equipment Cost Analysis. (Roll fuel adjustments from schedule 20 if necessary) Audit Schedule 7. Form BAA116	19		7	

	Year End Task Schedule March - December				
	March Tasks	OMG PG #	YE Entry	State Schedule	Completed 
49	Prepare & Submit Completed Inventory of Two Way Radios (Due 04/01) No HMM Ref			EOYF	
50	Prepare & Submit Completed Annual WDOT Shop Labor Survey (Due 04/01) No HMM Ref			EOYF	
51	Prepare & Submit Completed Annual WDOT Cost trends Survey (Due 04/01) No HMM Ref			EOYF	
52	Prepare & Submit Completed Annual Admin Cost Survey (Due 04/01) No HMM Ref			EOYF	
53	Prepare & Submit Annual WDOT Chloride(Salt) Reimbursement(Due 04/1)(HMM Reference 02.20.35)			EOYF	
54	Prepare & Submit Annual WDOT GPL Reimbursement(Due 04/1)(HMM Reference 02.20.15)(This information maybe sent by WMMIC directly to State)			EOYF	
55	Prepare & Submit Completed Inventory of Two Way Radios (Due 04/1) No HMM Ref			EOYF	
56	Submit & Complete Inventory of Salt Shed Buildings (If requested by the State				
57	Submit Completed Equipment Storage Reimbursement Form to WDOT				
58	Prepare Infrastructure spreadsheet(GASB 34) for outside auditors				
	April Tasks				
59	WDOT Quarterly Fuel Report: 1st Qtr. Due 04/15 No HMM Ref				
60	Prepare request for CIP Project Funding ( including reimbursement of ROW cost from last year); must go to Infrastructure				
61	Prepare Transfer of Funds form to carry forward and unspent CIP dollars on infrastructure projects				
62	Submits Annual WDOT Financial Report Schedules 1-22(Due 05/01)(HMM 02.30.15)				
63	Submit WDOT LOS State Wage Labor				
64	Prepare and Submit Annual WDOT Maint Material Cost Survey "Lump Sum" Calculation (Due 04/30) No HMM Ref.				
65	Prepare and Submit Annual WDOT LOS BHO Material Survey (Due 04/30) No HMM Ref.				
	October Through December Tasks				
66	Fill out "Annual Election to use Composite Rates for Winter Maintenance Equipment" MPM form				
67	Conduct Annual Inventory counts				
68	Review quipment usage detail for the year, so incorrect postings can be corrected prior to 12/31				
69	Watch for announcement of RMA from WDOT with jobs and job numbers				
70	Review Job Numbers and inactivate those numbers that should not carry into the next year				
71	Update Equipment rate Script with new rates so it's ready to load in financial software 01/01				
72	Office Manager's Guide				
73					

# *ACCOUNTING SCENARIOS*

# 2019 FALL REGIONAL ACCOUNTING SCENARIOS

## (ANSWERS)

- 1) My county just received a State Financed Brine Maker, and we plan to only make brine for State operations. My neighboring county just purchased a Brine Maker, and are planning to make brine for State, County and Local operations. How are these brining operations accounted for? How are they to be charged out to customers?

REFERENCE UNIFORM COST ACCOUNTING SYSTEMS MANUAL - PG. 54

[Uniform Cost Accounting Systems Manual/Office Manager's Guide](#)

A new Cost Pool account was set up for Salt Brining Operations (Acct#53290)

REFERENCE MAINTENANCE MANUAL - Policy 02-20-80

[Highway Maintenance Manual 02-20-80](#)

The Department shall pay the counties for salt brine applied to the State Truck Highway System based on the actual costs. No provision for profit or other increment above cost is allowed.

There are TWO options for charging for the cost of making brine:

Direct Charging the State— OR - Cost Pooling

Direct Charging for Brining Costs - Brine for state system only using state financed brine maker

1. Use state salt
2. Charge labor to Routine Maintenance Agreement (RMA), Activity Code 072
3. Deicer additives - Charge/Credit RMA, Activity Code 072
4. Water- Charge gallons times price per gallon to RMA, Activity Code 072, if a separate water meter is attached to brine maker. Otherwise water is paid for in the buildings and grounds cost pool.
5. Equipment Maintenance - Charge to RMA, Activity Code 072

6. Transportation to outlying sheds for only the brine used on state highway system - Charge to RMA, Activity Code 070

Cost Pool Charging for Brine Costs - Charging Policy to WisDOT for cost pooling (per gallon charge) - ONLY eligible items in cost pool (per gallon charge) for state used brine:

1. Building and Grounds Allocation
2. Any supplementary equipment used in the brining operations, such as a loader, can be charged to the cost pool using the published statewide equipment rates as specified in HMM 02-25- 50 and HMM 02-25-55.
3. Brining Equipment purchased by the county may be depreciated in the cost pool based on the guidance given in the Uniform Cost Accounting Manual.
4. Maintenance and repairs of the brining equipment
5. Labor and Fringe (not reimbursed elsewhere)
6. Utilities if separately metered.

NOT ELIGIBLE IN COST POOL

1. Building depreciation financed in whole or part by the state.
2. Additives (should be charged for direct bill)
3. State salt (this can be calculated by using 2.29lbs/gallon)
4. Equipment purchased by the state in whole or part
5. Labor including fringe already paid through administration such as patrol supervisors and shop overhead such as shop supervisors
6. Utilities that are not directly metered to production of brine
7. Transportation of brine to storage tanks (may use Activity Code 070)

In accordance with 2 CPR 200, the variance carryforward method will be used in order to meet SS 84.07(2)(a).

Every county using a cost pool to account for brine shall annually report their brine making costs to the Bureau of State Highway Programs, Audit and Contract Administration Section, Bureau of Financial Management,

as this information is required to calculate the carry-forward variance applied to next year's cost per gallon. The county shall report their annual brine production costs to the department as soon as possible after year end but no later than May 1st of each year. Once the costs are reviewed and approved, the cost per gallon will be applied based on a full 12-month period.

- 2) My county finally got a unit of equipment "financed by the State." It is a skid steer that we will be using on a large State project next month. Can you help me with the accounting to capitalize it? Can you help me with the charging out to projects when we use it? Can I use it on Non-State projects? How do I reimburse the State or do I?

#### REFERENCE MAINTENANCE MANUAL POLICY 02-15-40 AND 45

##### [Highway Maintenance Manual](#)

All state financed equipment shall upon installation become and remain the property of the county. The county will insure and maintain these units of equipment. The county shall be responsible for communicating with the equipment vendor concerns regarding any warranty items related to the equipment.

The department shall provide direct reimbursement to the county for the operation, maintenance and insurance costs of this equipment. Since no rental rate has been established for the use of the equipment, there is to be no equipment rental charged to the department. If this equipment is used on any non-state project, an appropriate rental charge (as determined by the county) is to be made, with the revenue credited back against the directly reimbursed costs paid for by the department.

The county may invoice the department for the state share of operation, maintenance, and/or repair costs on the monthly invoice or annually as they are incurred. If equipment revenue derived from the non-state work is available, only the net cost of the equipment will be reimbursed by the department.

The department and the county will establish and implement a written Memorandum of Understanding (MOU) defining the roles, responsibilities and terms of a state financed equipment agreement when department funds are used to acquire equipment and ownership of the acquired equipment is transferred to the county.

A Memorandum of Understanding is not required for equipment purchases under \$5000.00 since these are considered small tools.

- 3) My county has a State Financed unit of equipment that needs some repair, in fact it could be a major repair? How do I account for the costs to repair the equipment and how do I charge out those repair costs? If our costs exceed the 25% original capitalization level, how do I account for those costs?

REFERENCE MAINTENANCE MANUAL - POLICY 02-15-40 AND 45

Highway Maintenance Manual

Once the state financed equipment is taken out of service, if the county chooses to purchase replacement equipment, the acquisition and O & M costs of the replacement equipment will be initially paid for by the county and then reimbursed by the state thru the normal equipment rate formula.

In those instances where a unit of state financed equipment is past the end of its originally projected service life, the department will recognize the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A substantive refurbishment means major repairs and maintenance.

It is further defined as repairs costing in excess of the equipment's remaining residual value or typically 15% of the original purchase price of the equipment.

The county will finance the substantive refurbishment and will recover its investment by charging the state or another county a mutually agreed upon rate for the use of this equipment. This non- standard equipment rate will be determined jointly by the department and the county and is subject to normal equipment rate review by the Machinery Management Committee.

- 4) My county had a large truck involved in an accident, and the insurance company may total out the vehicle. How do I account for the insurance money, and what do the journal entries look like for this transaction?

REFERENCE UNIFORM COST ACCOUNTING SYSTEM MANUAL - PG. 49

Uniform Cost Accounting Systems Manual/Office Manager's Guide

Miscellaneous Revenues #48400 Insurance Recoveries

When payments are received for damage to highway department property this account is provided to record the revenue. However, as a practical matter, the recovery is typically viewed as an offset to the cost of repairing or replacing the property. For purposes of simplification, minor receipts may be credited to the account recording the expense of the damage. This will result in a "netting" of revenues and expenses for this transaction, which is not usually desirable, but is acceptable and expedient for this situation.

EXAMPLE OFFICE MANAGERS GUIDE PG. 76 - MAJOR REPAIR

EXAMPLE OFFICE MANAGERS GUIDE PG. 78 - SALE TO INSURANCE COMPANY

[Uniform Cost Accounting Systems Manual/Office Manager's Guide](#)

#### CHEMS 2019 ACCOUNTING SCENARIOS

- 1) I know that our Shop Overhead rate is 125% of direct labor. Can you explain what exactly "shop overhead" is? Can you also explain when it should be charged and how? Lastly, can you explain how my operations is impacted by not charging it to all customers for shop work order work performed?

REFERENCE UNIFORM COST ACCOUNTING SYSTEMS MANUAL - PG. 55

[Uniform Cost Accounting Systems Manual/Office Manager's Guide](#)

The shop operations account is debited with all expenses of operating the highway shop, exclusive of direct labor hours or materials charged to specific work orders, and storage space allocated to outside users. These costs are allocated on the basis of direct shop repair labor. The allocation is made annually based on final costs of providing shop operations. Total costs in this cost pool, less amounts recovered at interim rate(s) (discussed below) and offsetting revenues from gains on disposition of shop unclassified fixed assets or sale of salvage and waste products are allocated to clear the remaining cost pool.

Shop overhead is allocated to equipment at year-end using the shop overhead rate. An interim rate is required for charging out throughout the year. This interim rate is the prior year's rate, computed on prior years' shop labor and fringe benefits, which allows for prompt billing. (This rate is the most recently established rate for charging out based on direct repair labor and fringe benefits.)



NOTE: Shop overhead should be allocated at interim rates during the year to accounts other than the machinery operations account, in which case, shop overhead should not be allocated to these accounts again at year end. All direct shop repair labor must be allocated shop overhead at an interim rate.

Counties doing repair work for other county departments or outside agencies must allocate the shop overhead to the appropriate expense accounts, regardless of whether the costs are billed to the customer.

- 2) My county just started building equipment in our shop, and I want to understand how the accounting works on the direct and indirect costs associated with shop work. Can you explain how to account for this and what it would look like?

REFERENCE UNIFORM COST ACCOUNTING SYSTEMS MANUAL - PG. 32  
[Uniform Cost Accounting Systems Manual/Office Manager's Guide](#)

Plant and equipment are to be recorded at cost. Cost of plant and equipment includes the total cash outlay, or its equivalent, made to acquire the asset and put it in operating condition. For a method of accumulating such costs appropriate for capitalization, use of the acquisition cost pool, 53281, is suggested.

NOTE: All direct shop repair labor must be allocated shop overhead at an interim rate. Counties doing repair work for other county departments or outside agencies must allocate the shop overhead to the appropriate.

- 3) My county just started renting equipment for special projects and I really don't know how to correctly handle the costs, charging the usage and invoicing? Can someone from WDOT help????

REFERENCE MAINTENANCE MANUAL - POLICY 02-25-05  
[Highway Maintenance Manual 02-25-05](#)

The County shall invoice the cost of renting equipment under county-furnished materials. A brief description of the rented equipment and the name of the vendor or agency that owns the equipment should be included as supporting documentation.

Rental equipment shall not be assigned a unit number. The rental rates should normally include fuel, maintenance, repairs, insurance, depreciation and other related costs, and the rental agreement

should make note of exceptions. Materials should not be purchased under equipment rental. The rental rates may include labor costs. Equipment can be rented by the square yard, ton, ton mile, linear foot, or any other unit of measurement that can be applied to the materials the equipment will be used with.

When 100% of the equipment rental is on a single project or customer, 100% of the costs to rent, operate and maintain are to be charged to that

·projector customer. If multiple projects or customers are using the rental equipment, propo1tionate amount of costs are to be charged based on project use. For example, if State and County operations use the rental equipment

25% and 75% of the time respectively, the costs should be charged using those% usages. (County 75% and State 25%.)

When a long-term rental is done, and actual costs will not be known until the end of the rental, an optional method may be employed.

Assign a charge

· rate per hour for the unit, and invoice customers using that rate. At the end of the rental period, a reconciliation of actual costs to operate compared to those costs invoiced is required.

- 4) My county recently received our first unit of equipment from the region. I think you refer to it as "State Finance Equipment." I'm not sure how to account for it, or charge for it, or invoice for it? Can you help me please?

#### REFERENCE MAINTENANCE MANUAL POLICY 02-15-40 AND 45 [Highway Maintenance Manual](#)

All state financed equipment (sign trailers, attenuators, etc.) shall upon. installation become and remain the property of the county. The county will insure and maintain these units of equipment. The county shall be responsible for communicating with the equipment vendor concerns regarding any warranty items related to the equipment.

The department shall provide direct reimbursement to the county for the operation, maintenance and insurance costs of this equipment. Since no rental rate has been established for the use of the

equipment, there is to be no equipment rental charged to the department. If this equipment is used on any non-state project, an appropriate rental charge (as determined by the county) is to be made, with the revenue credited back against the directly reimbursed costs paid for by the department.

The county may invoice the department for the state share of operation, maintenance, and/or repair costs on the monthly invoice or annually as they are incurred. If equipment revenue derived from the non-state work is available, only the net cost of the equipment will be reimbursed by the department.

Once the state financed equipment is taken out of service, if the county chooses to purchase replacement equipment, the acquisition and O & M costs of the replacement equipment will be initially paid for by the county and then reimbursed by the state thru the normal equipment rate formula.

In those instances where a unit of state financed equipment is past the end of its originally projected service life, the department will recognize the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A substantive refurbishment means major repairs and maintenance. It is further defined as repairs costing more than the equipment's remaining residual value or typically 15% of the original purchase price of the equipment.

The county will finance the substantive refurbishment and will recover its

investment by charging the state or another county a mutually agreed upon rate for the use of this equipment. This non-standard equipment rate will be determined jointly by the department and the county and is subject to normal equipment rate review by the Machinery Management Committee.

The department and the county will establish and implement a written Memorandum of Understanding (MOU) defining the roles, responsibilities and terms of a state financed equipment agreement when department funds are used to acquire equipment and ownership of the acquired equipment is transferred to the county. A Memorandum of Understanding is not required for equipment purchases under \$5000.00 since these are considered small tools.