



Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**
Section: **CAPITAL ASSETS POLICY**

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SECTION 1 - POLICIES

A. For an asset to be capitalized (recorded and depreciated), its cost must exceed certain cost thresholds. An asset's cost includes any cost involved with the purchase of the asset and readying the asset for use. Capitalization thresholds are set as follows:

Asset Class	Amount
Infrastructure	\$ 50,000
Other improvements	25,000
Buildings	25,000
Lease assets*	10,000
Subscriptions*	10,000
Machinery and equipment	10,000

*Based on present value of lease or subscription payments

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	20-60
Other improvements	10-30
Buildings	30
Lease assets	2-20
Subscriptions	2-20
Machinery and equipment	3-10

In addition, the asset must be tangible in nature and have a useful life extending beyond a single reporting period. Certain improvements will only be capitalized if they improve or significantly alter the use, value, or useful life of the asset. The threshold for insurance coverage is \$5,000 for all assets except land and right-of-way (\$0).

- B. A current inventory ledger of capitalized assets will be maintained by the Finance Department that will include depreciation, cost, and useful life.
- C. All departments are responsible for the custody, safekeeping, and maintenance of the assets belonging to their department. The City Clerk's Office will be responsible for and will maintain adequate insurance coverage, title security, and license plate records.
- D. All City vehicles and equipment will be assigned an equipment number by the Central Garage. All vehicles and equipment will be assigned a budget code by the Finance Department for the purpose of accounting for the asset's operating expenses. A list of assets and their respective budget codes and equipment numbers will be maintained in the Finance Department.
- E. Any disposals, trade-ins, sales, or transfers of any assets should be identified by serial number, make, model or other and reported to the Finance Department. Disposals of capital assets will be made in accordance with Iowa State law.
- F. The Finance Department will periodically select assets at random from the ledger to be inspected and will periodically select assets from a department to trace in order to ensure the accuracy and completeness of the ledger.

SECTION 2 – PROCEDURES

- A. Capital assets should be acquired in accordance with the City's purchasing policies and the following steps:
 1. The department making the asset purchase should complete a *Vehicle/Equipment Record* form which should include the model number, serial number, manufacturer, and any other information such as color, size, weight, etc. that will help identify the asset. The form should be submitted to the assigned staff member responsible for capital assets in the Public Works Department.
 2. For vehicles, equipment, and other assets that are maintained through the Central Garage, the asset should be directed to the Central Garage prior to being placed into service for numbering, decals and lettering, and other field preparation work. The Central Garage will assign the asset a vehicle/equipment number.
 3. For assets that require title recording, license plates, and/or insurance coverage, copies of the acquisition paperwork along with the title transfer documents and other relevant documentation should be forwarded to the City Clerk's office prior to placing the asset into service.

- B. The disposal of all capital assets should be conducted in accordance with City policies, Iowa State law, and the following steps:
 - 1. The department disposing of the asset should complete and submit a *Vehicle/Equipment Record* form to the Public Works Department.
 - 2. For vehicles, equipment, and other assets that are maintained through the Central Garage, the asset should be directed to the Central Garage prior to being disposed of for cleaning and preparation.
 - 3. For assets that require title transfer, license plate refunds, and/or removal of insurance coverage, relevant documentation should be forwarded to the City Clerk's office for processing and title preparation.
- C. Asset transfers between departments should be conducted using the following steps:
 - 1. The department transferring the asset should complete and submit a *Vehicle/Equipment Record* form to the Public Works Department. A copy of the form should also be submitted to the City Clerk's office for updating their records and changing insurance coverage.
 - 2. For vehicles, equipment, and other assets that are maintained through the Central Garage, the asset should be directed to the Central Garage prior to being transferred for the assignment of a new vehicle/equipment number and for changing the numbering and decals.