



Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**
Section: **FIXED ASSET 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:

Vehicles and equipment	\$ 5,000
Land and right-of-way	0
Land and building improvements	25,000
Buildings	25,000
Infrastructure	50,000

In addition, the asset must be tangible in nature and have a useful life of three or more years. 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 \$2,500 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 fixed 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. Fixed 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 designated fixed asset manager in the Finance Department.
 - 2. After receiving the proper paperwork, the Finance Department will assign a budget code to the asset which will direct where the asset's operating expenses will be charged.
 - 3. 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.
 - 4. 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 fixed 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 Finance 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.

4. If an asset is being sold, this step must also be followed. For a sale to another government or non-profit agency, a public notice and bidding procedure is not required. For a sale to a private individual or business, proper notice must be published through the City Clerk's office and a time and place must be set for the taking of bids.
- C. Asset transfers between departments should be conducted using the following steps:
1. The department transferring the asset should complete and submit an *Asset Addition/Disposal* form to the Finance 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. After receiving the proper paperwork, the Finance Department will assign a new budget code to the asset which will direct where the asset's operating expenses will be charged.
 3. 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.