

Fixed Asset Policy

GASB 34

Purpose: The following procedures and guidelines are to account for the fixed assets of the City of Mayer. This is in compliance with GASB 34 requirements. This policy is only for accounting purposes and does not supersede any other policies, which address assessments. The City of Mayer assessment policy addresses amounts and methodology of the City assessments.

Definitions:

Asset Life	This is the standard estimated useful life of an item. To be considered a fixed asset, an item must have a useful life greater than (1) one year.
Asset Value	This is the monetary value of an item. The value will be based on the invoice plus additional costs of preparing the asset for use. To be considered a fixed asset, an item must have a value greater than \$5,000.00.
Buildings & Structures	A building or structure is a roofed and/or walled structure that is city owned. For example, a picnic pavilion would be considered a structure although it may have no walls.
Computers	A separate class of asset set up to specifically account for all computer equipment owned by the City of Mayer. This category includes personal computers, printers, modems and any other computer related items.
Fire Arms	A weapon from which a shot is discharged using gunpowder. This category is used to account for all firearms belonging to the police department.
Fixed Asset	An item obtained by the City with a value greater than \$5,000.00 and an estimated useful life greater than one year.
Forfeited Property	Property seized by Police Department that will be used by the City. The City policy on forfeited property should be followed.

Furniture & Fixtures	Assets that are used by people in any City facility that are considered furniture or fixtures. This category includes desks, chairs, credenzas, and modular workstations, drinking foundations.
Investing Sources	Fund type originally payable for general fixed asset or donation. Asset acquired before January 1, 2004 will not have a designated investing source.
Infrastructure	Permanent installations such as water mains and sewer lines.
Land	Any parcel of land that is City of Mayer - owned whether developed or undeveloped.
Land Improvement	Grading, roads and parking lots on City –owned land that will be capitalized.
Machinery & Equipment	Includes motorized and non-motorized equipment that has a primary function of the City of Mayer street, park, or utility maintenance. It includes items such as tractors, mowers, and snow blowers, ECT.
Office Equipment	An item used by employees to perform a mechanized task in an office environment. For example, typewriters, telephones, and adding machines. However, cameras, VCR’s, cellular phones, refrigerators, and microwaves, ECT are also included in this category. This category does not include computers, as there is a separate distinct category for computer equipment.
Tools & Other Equipment	This category includes all small tools and equipment such as chain saws, jack hammers, battery chargers, post drivers ect. Vehicle equipment as defined below is excluded from this category.
Vehicles	Motorized vehicles owned by the City of Mayer such as squad cars, trucks and vans.
Vehicle Equipment	Equipment that is installed in/on a motor vehicle such as radios, wing plows, sanders, lighting packages, radar units and toolboxes.

Section 3. Identifications Tags

Sub A. Identification tags will be affixed to almost all assets currently owned and subsequently acquired. Land, sewer and water mains, lift stations, wells and towers will obviously not be tagged. Firearms will not be tagged. All other assets will be tagged.

Sub B Upon receipt of an asset the department head will request an asset number and identification tag from the general government office. Each department is responsible for tagging

Section 4 Acquisitions and Retirements

Sub A When a department acquires a new asset, the Department head is responsible for requesting an identification tag and reporting the asset acquisition to the Administration staff.

Assets bought as a group (i.e. 50 chairs for the Council Chambers, ect) with the intent of keeping them in the same location, will be treated as one asset. They will be entered under one identification number and total cost will determine the capitalization value. If these assets are split at a later time the same procedure for a new asset will apply.

Sub B The following information will be provided on the form:

1. Description: The description should clearly describe the asset without being too lengthy. This description will be used to identify the asset in the future.
2. Expenditure Account: This is the expenditure account that the invoice for ht asset was coded to.
3. Location: This is where the asset will be stored.
4. Acquisition Code: This is the code that describes the funding source of the asset.
5. Activity Code: This is the code, which describes the department that purchased the asset.
6. Function Code: This is the code, which describes the function of the department that owns the asset.
7. Vendor: This is the name of the vendor from whom the item was purchased.
8. Acquisition date: The date of purchase.

9. **Manufacturer:** This is the name of the manufacturer of the asset.
10. **Model Number:** This is the model number assigned to the asset by the manufacturer.
11. **Serial Number:** This is the serial number assigned to the asset by the manufacturer.
12. **Invoice Number:** This is the vendor's invoice number on the invoice for the asset.
13. **Cost:** This is the cost of the item. Cost will be based on the invoice plus additional cost of preparing the asset for use. Trade-in values will not be used to reduce the varying cost of the new asset.
14. **Estimated Useful Life:** This is the standard estimated useful life for the item based on the chart in Section 7.

Sub C The asset acquisition Form should be signed by the person making the purchase.

Sub D Responsibility of the Administration to input asset acquisition into the system.

Sub E Responsibility of the Administration to record all completed construction projects in the year completed.

Sub F When a department retires an asset, the Department Head is responsible to complete the asset retirement form. Administration is to receive a copy.

Sub G The fixed asset Retirement/Transfer Form should include the following information:

1. **Asset Number:** This is the number that is assigned to the asset. There should be a tag on the asset with the number printed on it.
2. **Asset Description:** The description should be detailed and should include
3. **Department:** This line refers to the department retiring or changing the asset.
4. **Date of Change:** This is the date the change took place.
5. **Type of Change:** The Department Head should state whether the asset was sold, transferred, destroyed or traded in.
6. **If sold, Amount of Sale:** Amount received if asset was sold. A copy of the receipt should be attached to the form.

7. If Transferred to a New Department: Department receiving the asset should be noted.
8. New Location: New location in which the asset will be stored or used.
9. If Traded In, Amount of Trade In; Amount of trade in allowance received if asset was traded on a new item.
10. New Item: Description of new item that trade in was applied towards.
11. If Destroyed, Insurance Compensation: Amount of compensation received from insurance, if the asset was destroyed as the result of an accident. A copy of the cash receipt should be attached in this case.
12. Description of Destruction: How the asset was destroyed, examples would include junked, totaled in accident and or stolen.
13. The asset identification tag should be removed before selling, destroying or trading in an asset and should be placed with the Retirement/ Transfer Form.

Subd. I. January 1, 2004 asset listing were compiled based on a physical inventory taken by the Administration and Department Heads, enterprise fixed asset listings were reconciled to audit work papers. Values were determined as follows:

1. If traceable to audit work papers, historical cost or fair market value at the time received.
2. If not traceable to audit work papers
 - a. Historical cost from City records
 - b. Land will be valued at County Assessed value at January 1, 2004.

Subd. J. Assets acquired December 31, 1995 or earlier had a minimum valuation of \$250. Assets acquired January 1, 1996 or later must have a value of \$500 or more to be considered a fixed asset.

Section 6. Sale of Assets

No assets owned by the City shall be sold to an officer or employee of the City unless the sale conforms to Minnesota Statute 15.054. Property, except real property, may be sold to an employee after reasonable public notice at a public auction or by sealed bid, if the employee is the highest bidder and is not directly involved in the auction sealed bid process.

Section 7. Depreciation

Depreciation on water and sewer assets will be calculated using the straight-line method over the estimated useful lives of assets. No depreciation will be taken for the year of acquisition and a full year of depreciation will be taken in the year of disposition (unless the asset is fully depreciated). Standard estimated useful lives are as follows:

Sewer mains; lift stations	50 years
Water mains	50 years
Street Lights	30 years
Streets	30 years
Storm Sewers	30 years
Curb and Gutter	30 years
Wells and pump houses	25 years
Buildings	25 years
Water meters	20 years
Office equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Machinery, equipment, radios, phones	10 years
Land	Not depreciable

No depreciation is calculated for General Fund Assets.