

SUBJECT: CAPITAL ASSET/IMPROVEMENT REPORTING

PURPOSE: To establish procedures for the purchase, identification, custody, and inventory of capital asset acquisitions

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**General Policy:** The Finance Department maintains detailed records of all capital asset purchases and improvements, including the acquisition/project completion date; cost; description; serial number (assets only); department; and location, as well as any changes during the asset life, such as departmental transfers and final disposition. For control purposes, a capital asset number is assigned to all capital purchases, and a capital project number is assigned to each capital improvement. Those numbers are defined as follows:

**Capital Asset**

- Any single item valued at \$500 or more (machinery, equipment, office furniture, departmental vehicles, buildings, plant appurtenances, and land other than rights-of-way) with an estimated useful life in excess of one year, as determined by the department head.
- Items valued at \$5,000 or more will be included in the GASB 34 asset valuation.
- Items valued at less than \$500 and purchased with grant funds requiring capital asset reporting.

**Capital Improvement (GASB 34 Compliance)**

- Any public improvement or maintenance project valued at \$100,000 or more (sidewalk repair, storm drain, sewer, street lighting and rehabilitation, facility improvements, landscaping and irrigation, and property acquisition) with an estimated useful life in excess of five years, as determined by the department head.
- Improvements valued at less than \$25,000 and paid for with grant funds requiring capital asset reporting.

**PROVISIONS:**

A. Assignment of Capital Asset Number/Capital Improvement Number

1. Capital Asset numbers, for internal control and accounting purposes, are assigned to capital purchases by the Finance Department at the time the receiving copy of the purchase order is forwarded to Finance for payment.

2. Capital Improvement numbers, for internal control and GASB 34 compliance, are assigned to each capital improvement project by the Finance Department at the time the improvement is budgeted.
3. Upon delivery of the capital asset item in satisfactory condition or the acceptance of a capital improvement, the department receiving the delivery or accepting the project shall complete a Capital Asset Acquisition data entry form (Attachment A) or Capital Asset Improvement data entry form (Attachment B), including all pertinent data. The appropriate form shall be attached to the receiving copy of the purchase order along with the vendor invoice, and shall be submitted to the Finance Department for actual assignment of the asset tag/identification number and data entry.
4. For capital assets, the Finance Department shall assign the asset tag number and return a copy of the Capital Asset Acquisition data entry form, along with the asset tag, to the operating department. It is the operating department's responsibility to ensure that the assigned capital asset tag is placed on the appropriate piece of equipment.
5. For capital improvements, the responsible department shall send the Finance Department the scope of work for the improvement, including actual costs and funding source. The Finance Department shall be responsible for the input of data into the asset tracking system.

B. Capital Asset Transfer

In order to maintain updated records of the City's capital assets, the Capital Asset Acquisition data entry form provides for changes in department and/or locations. Upon the transfer of an asset to a new location or department, the tag number and the transfer shall be noted on this form and forwarded to the Finance Department.

C. Capital Asset/Capital Improvement Deletions

Deletions of capital assets/improvements are to be reported on the Capital Asset Acquisition data entry form or the Capital Asset Improvement data entry form. Reporting assets/improvements to be deleted because of disposition as surplus property, demolition, as well as trades for replacement purchases, shall be approved by the Finance Department. Reporting of exchanged property, as well as lost, missing, or stolen property, is the responsibility of the operating department. Assets may be disposed when:

1. The asset is unusable, inoperative, or irreparable, and/or is to be declared surplus property.

The City's policy regarding the disposition of surplus property is established in the City's purchasing ordinance. It is the responsibility of the operating department to identify surplus property, advise the Finance Department of the disposition, and coordinate arrangements for the bidding, auction, or private sale of the surplus item.

If the property has a potential use within another department, it is the operating department's responsibility to publicize and, if appropriate, transfer the property to any department indicating such interest.

In order to adequately document and record the sale of surplus property, as well as other dispositions of City property, the operating department shall provide a listing of the items sold, the price received, and the name and address of the buyer. This information, with the asset tag number or capital improvement identification number, shall be reported to the Finance Department using the Capital Asset Acquisition or Capital Asset Improvement data entry form.

2. The asset is traded or exchanged for a replacement purchase.

Property that is to be traded for a replacement purchase or exchanged for an equivalent item shall also be reported using the Capital Asset Acquisition or Capital Asset Improvement data entry form. The reporting of deleted assets due to trade-in is the responsibility of the operating department. The form shall be completed in a similar manner to that used for reporting transfers and location changes, with the following exceptions:

- a. The deletion of an asset is indicated by marking the appropriate box.
- b. An explanation of the reason for deletion shall be provided.

3. The asset is lost, stolen, or missing.

A Capital Asset Acquisition data entry form shall be used to record stolen, lost, or missing property. The form shall be completed in a manner similar to that used for reporting exchanged property, with an exception in the case of theft. If City property has been stolen, a police report shall be filed with the Police Department, and the explanation provided on the Capital Asset Acquisition data entry form shall include the police report number.

CITY OF INDIO  
**Capital Asset Acquisition**  
DATA ENTRY FORM

**ITEM:** \_\_\_\_\_ Quantity \_\_\_\_\_  
Brand Name \_\_\_\_\_ Model No. \_\_\_\_\_  
Serial No. \_\_\_\_\_ Color \_\_\_\_\_ Size \_\_\_\_\_  
Other \_\_\_\_\_

**NEW ACQUISITION**

**Location:** Dept. \_\_\_\_\_ Division \_\_\_\_\_  
Office \_\_\_\_\_ Other \_\_\_\_\_  
**Vendor:** Company \_\_\_\_\_ Account No. \_\_\_\_\_  
Date Received \_\_\_\_\_ Purchase Order No. \_\_\_\_\_ Invoice No. \_\_\_\_\_ Cost \_\_\_\_\_

**TRANSFER**

**From:** Dept. \_\_\_\_\_ Location \_\_\_\_\_ Fund \_\_\_\_\_  
**To:** Dept. \_\_\_\_\_ Location \_\_\_\_\_ Fund \_\_\_\_\_

**DELETION**

**Reason:**  Surplus  Traded  Missing  Stolen  Other

**Explanation:**

Approved \_\_\_\_\_ Date \_\_\_\_\_  
Department Head Signature (or designee)

Route original to Finance

Fixed Asset No. \_\_\_\_\_  
(for accounting division only)

CITY OF INDIANO  
**Capital Asset Infrastructure**  
DATA ENTRY FORM

<b>Construction Information</b>		<b>Project ID</b>		<b>MSA</b>		<b>Orig Key</b>	
<input type="checkbox"/> City Constructed Project	<input type="checkbox"/> Developer Constructed Project	Capital Project No.: _____	Development Project No.: _____	<input type="checkbox"/> Redevelopment	<input type="checkbox"/> Public Safety	<input type="checkbox"/> General Government	<input type="checkbox"/> Public Works
<input type="checkbox"/> Total Cost: \$ _____		APN#: _____	Location Description: _____	<input type="checkbox"/> Public Works	<input type="checkbox"/> Community Development		

ASSET INFORMATION							
<b>Water Facility</b>		<b>Drainage Facility</b>		<b>Traffic Signal</b>		<b>Street Lighting</b>	
<input type="checkbox"/> Water Line (pipe, etc.) Feet: _____	<input type="checkbox"/> Lift Station, Pumps, Eq. _____	<input type="checkbox"/> Storm Drain Facility - Feet _____	<input type="checkbox"/> Associated Structures & Misc. _____	<input type="checkbox"/> Traffic Signal Quantity: _____	<input type="checkbox"/> Street Lighting Quantity: _____	<input type="checkbox"/> _____	<input type="checkbox"/> Cost: \$ _____
<input type="checkbox"/> Cost: \$ _____		<input type="checkbox"/> Cost: \$ _____		<input type="checkbox"/> Cost: \$ _____		<input type="checkbox"/> Cost: \$ _____	
<b>Property/Acquisition</b>		<b>Landscape/Irrigation</b>		<b>Streets/Sidewalks</b>		<b>Bridges</b>	
<input type="checkbox"/> Land - ft²: _____	<input type="checkbox"/> Building - ft²: _____	<input type="checkbox"/> Landscape/Irrigation _____	<input type="checkbox"/> Cost: \$ _____	<input type="checkbox"/> Prime _____	<input type="checkbox"/> Major _____	<input type="checkbox"/> Secondary _____	<input type="checkbox"/> Industrial _____
<input type="checkbox"/> Associated Structures & misc. _____	<input type="checkbox"/> Cost: \$ _____	<input type="checkbox"/> Cost: \$ _____		<input type="checkbox"/> Linear feet: _____	<input type="checkbox"/> Sidewalk - Linear Feet: _____	<input type="checkbox"/> _____	<input type="checkbox"/> Cost: \$ _____
<b>Park/Golf Facilities</b>		<b>Admin. Facilities</b>		<b>Improvement/Transfer</b>		<b>Improvement/Deletion</b>	
<input type="checkbox"/> Swimming Pool _____	<input type="checkbox"/> Tot Lot _____	<input type="checkbox"/> Land - ft²: _____	<input type="checkbox"/> Building - ft²: _____	<input type="checkbox"/> New Department/Owner _____	<input type="checkbox"/> Name: _____	<input type="checkbox"/> Land - ft²: _____	<input type="checkbox"/> Building(s) - ft²: _____
<input type="checkbox"/> Restroom _____	<input type="checkbox"/> Parking Lot _____	<input type="checkbox"/> Parking Lot _____	<input type="checkbox"/> Cost: \$ _____	<input type="checkbox"/> Item Description / ID Number _____	<input type="checkbox"/> ID No. _____	<input type="checkbox"/> Other: _____	<input type="checkbox"/> Price: \$ _____
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Cost: \$ _____						

<b>Finance Department Use Only</b>
Notice of Completion Recordation Date: _____
Asset ID Number: _____
Comments: _____

D. Capital Asset Inventory

The operating departments are responsible on an ongoing basis for the physical condition and proper use of all City assets purchased by them. In order to ensure an accurate record of the City's assets, and in compliance with Government Accounting Standards Board (GASB) 34 reporting requirements, a comprehensive capital asset acquisition, infrastructure and improvement inventory shall be performed on an annual basis for capital assets over \$5,000 and for capital improvements over \$100,000. Items under this threshold shall be inventoried at least every three years. The operating department shall locate and identify all departmental assets. For any assets not identified during the inventory, a written explanation shall be required from the department head concerning the actual disposition.

Attachments:

A - Capital Asset Acquisition Form

B - Capital Asset Infrastructure Data Entry Form

Created:  
12-28-05  
Revised:  
10-13-06