



**CITY OF MARSHFIELD, WISCONSIN
POLICIES AND PROCEDURES**

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CHAPTER: Accounting and Financial Reporting Systems

SUBJECT: Fixed Assets

POLICY NUMBER: 4.150

PAGES: 2

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DEPARTMENT OF PRIMARY RESPONSIBILITY: Finance Department

APPROVED BY: Alderman Jerry Bennington, Sr.
Chairman, Finance, Budget and Personnel Committee

Special Notes: This policy/procedure manual does not in any way constitute an employment contract and the City of Marshfield reserves the right to amend this manual at any time subject only to approval by the Common Council.

POLICY:

The purpose of this policy is to determine what items owned by the City will be considered fixed assets. Under generally accepted accounting principles (GAAP), local governments must account for fixed assets differently than other items such as consumables.

The City's capitalization policy is that individual items, other than infrastructure, with an original cost or basis of \$1,000 or more will be considered fixed assets. These type of fixed assets include land, buildings & improvements, automobiles, machinery & equipment, and furniture & fixtures.

City infrastructure includes such items as streets, storm sewers, sanitary sewers, sidewalks, and streetlights. The City's capitalization policy is that individual projects costing a total of \$250,000 or more will be capitalized.

All departments / divisions of the City of Marshfield are required to comply with this

policy and are to report any assets owned or acquired by the City to the Finance Department. The values of all assets are to be recorded at the fair market value of the asset at the time that the City of Marshfield established ownership rights and in accordance with generally accepted accounting principles (GAAP).

Certain items owned by the City, while not purchased at a cost of \$1,000 or more, are more susceptible to theft. Department / division heads should keep track of such items separately to discourage pilferage. These type of items include computer equipment, fax machines, cellular telephones, and audio-visual equipment.

All departments / divisions are required to separately identify and report fixed assets under their control. The only exception to recording an item separately would be for assets that are an integral part of another asset or system. One example of this would be a computer system that requires a monitor, CPU and other peripheral items to operate. Another example would be the purchase of a truck or tractor that requires additional accessories such as radios, mower decks, plows, etc.

In both examples, all integral accessory items that will remain part of the main asset for most or all of their useful life should be added to the total cost of the main asset as an accessory expense and recorded as one asset in the City's fixed asset system. The one exception to including these accessory items are those that are required to be identified separately for contractor equipment insurance purposes.

All department / division heads are responsible for reporting the transfer of fixed assets from their department to another department, and for reporting the disposal of fixed assets under their jurisdiction.

In order to help maintain accountability of fixed assets, verify the accuracy of the City's related accounting records, and provide information for determining proper levels of property insurance coverage, the City will conduct a physical inventory of all fixed assets every five years. In intervening years, the City will conduct update inventories. The update inventories will be abbreviated inventories focusing on fixed assets added or disposed of during the current year. The results of periodic physical inventories will be used to adjust the City's fixed asset database.