



City of Pittsburg, Kansas Fixed Asset Policy

INTRODUCTION

The City of Pittsburg defines fixed assets as tangible equipment or infrastructure with a value exceeding one thousand dollars and a useful life exceeding one fiscal year. The City's fixed assets are resources used to provide public services to the community. Therefore, the City has a responsibility to manage, control, and safeguard these assets to ensure maximum benefit is obtained for the citizens of the City.

The implementation of an effective and accurate process for controlling fixed assets is necessary for:

- Reporting Purposes: The City prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Government regulations require tracking a fixed asset's cost, depreciation, and disposal.
- Insurance Purposes: in the event of a loss, it is necessary to have accurate records to restore or replace the fixed asset.
- Accountability and Transparency: fixed assets are purchased with taxpayer's money; therefore, it is important to account for the use of funds.

PURPOSE

The purpose of this policy is to establish management guidelines governing the control and reporting of fixed assets.

SCOPE

This policy will address the following aspects of fixed asset management:

- Acquisition, identification, and disposal of fixed assets
- Responsibility for proper use, maintenance, insurance, and safeguarding fixed assets
- Classification of fixed assets
- Recording fixed asset transactions

POLICY STATEMENT

The City of Pittsburg is committed to:

- Recording, updating, and maintaining fixed assets transactions including acquisitions, transfers, adjustments, depreciation, and disposals in a timely and accurate manner
- Classifying fixed assets into the following categories:
 - Land
 - Buildings and structures
 - Machinery and equipment
 - Infrastructure
 - Construction in Progress
- Limiting the use of City fixed assets to achieve the City's stated goals and objectives (no personal use of City fixed assets)
- Reporting fixed asset transactions in accordance with GAAP and other federal, state, and local regulations

RESPONSIBILITIES

City Commission

The City Commission is responsible for approval of the acquisition, remodeling, repair, maintenance, renovation, and construction of fixed assets that cost more than \$20,000 in accordance with the City Purchasing Policy. The City Commission also authorizes disposal of fixed assets to be sold or gifted.

City Manager

The City Manager is responsible for approving the acquisition, remodeling, repair, maintenance, renovation, and construction of fixed assets that cost more than \$5,000 but less than \$20,000 in accordance with the City Purchasing Policy.

City Clerk

The City Clerk is responsible for maintaining adequate insurance on fixed assets and maintaining insurance records.

Department Directors

Department Directors are responsible for submitting accurate information to the City Manager, Finance Director and the City Clerk regarding the acquisition and disposal of City fixed assets. The Department Directors are also responsible for the safeguarding of City fixed assets within their scope of authority.

Finance Director

The Finance Director or designee is responsible for establishing, maintaining, supervising, and coordinating the fixed asset system, and valuing, capitalizing, and depreciating fixed assets. The Finance Director has discretion in determining if purchases are to be capitalized as some purchases exceed one thousand dollars but are for repairs or are determined to be operating expenses. The Finance Director is responsible for preparing fixed asset financial information for reporting and budgeting purposes.

All City Employees

All City employees are responsible for using, maintaining, and safeguarding the City's fixed assets in a responsible manner.

FIXED ASSET CLASSIFICATIONS AND DEPRECIATION

Accurately reporting, recording, and depreciating the City's fixed assets in a consistent manner requires classifying assets according to type and establishing an estimated life expectancy of assets by type.

The following classifications and life expectancy estimates will be used for recording, depreciating, and reporting City fixed assets:

Land	not depreciated
Buildings	15-50 years
Machinery and equipment	3-15 years
Water and sewer treatment plants	50 years
Water and sewer lines	50 years
Infrastructure	15-50 years
Construction in Progress	Depreciation does not begin until fixed asset is placed in service

FIXED ASSET DISPOSTIONS

Finance staff works with the City's departments annually to review the City's fixed assets. When it is determined that a fixed asset is no longer viable to the City's operations the following methods are utilized to dispose of the City fixed asset:

- Sold
- Traded-in
- Obsolescence
- Junked
- Gifted to another government agency