

City of Leavenworth, Kansas
Capital Asset Policy
Approved by City Commission
March 12, 2024

INTRODUCTION

The City of Leavenworth defines capital assets as tangible and intangible assets with a value exceeding \$5,000 and a useful life exceeding one business cycle. The City's capital 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 good of the City.

The City plans and implements a five-year Capital Improvement Plan which prioritizes construction and maintenance projects as well as equipment purchases. This plan is updated annually and presented to the Commission for approval. The planning process is a joint effort of the City Commission, City Manager, Department Directors and their staff, and the Finance Director.

Accurate and effective capital asset plans are necessary for:

- Accurately reporting and creating financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
- Insurance purposes.
- Accountability/transparency to the public.
- Efficiency and cost reduction through central management.
- Accurate financial information.
- Determining appropriate financing options (when necessary) for the acquisition of assets.

PURPOSE

The purpose of this policy is to establish guidelines governing the definition, classification, control, and reporting of capital assets.

SCOPE

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

- Definition of capital assets
- Acquisition, classification, and disposal of City assets
- Responsibility for proper use, maintenance, insurance, and safeguarding City assets
- Recording and reporting asset transactions

- Restatement of leases and subscription based IT arrangements (SBITAs) for compliance with Governmental Accounting Standards Board (GASB) guidelines.

POLICY STATEMENT

The City of Leavenworth is committed to:

- Recording, updating, and maintaining asset transactions including acquisitions, transfers, adjustments, depreciation, and disposals in a timely and accurate manner.
- Classifying assets into the following categories and their respective life expectancies:
 - Land not depreciated
 - Buildings 15-30 years
 - Improvements other than buildings 15-30 years
 - Machinery and equipment 5-15 years
 - Infrastructure 10-30 years
 - Construction in Progress begins once asset is in service
- Limiting the use of City assets to achieving the City’s stated goals and objectives.
- Obtaining approval of the City Manager prior to disposal of an asset.
- Reporting asset transactions in accordance with GAAP and other federal, state, and local regulations.

RESPONSIBILITIES

City Commission:

The City Commission is responsible for the approval of the five-year Capital Improvement Plan which contains programmed capital asset purchases. The City Commission is responsible for approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$50,000 in accordance with the City Purchasing Policy

City Manager:

The City Manager is responsible for coordinating, planning, and submission of the five-year Capital Improvement Plan to the Commission for approval. The City Manager is responsible for approving the acquisition, remodeling, repair, maintenance, renovation, and construction of capital assets that cost in excess of \$15,000 but less than \$50,000 in accordance with the City Purchasing Policy. The City Manager is also responsible for approving the disposal of capital assets.

City Clerk:

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

Department Directors:

Department Directors are responsible for planning, prioritizing, and coordinating requests included within the five-year Capital Improvement Plan. Directors are responsible for submitting accurate information to the City Manager, Finance, and the City Clerk regarding the disposal of assets. Department Directors are also responsible for the safeguarding of assets within their scope of authority.

Finance Director:

The Finance Director is responsible for establishing, maintaining, supervising, and coordinating the capital asset system, as well as valuing, capitalizing, and depreciating the City's capital assets. The Finance Director is responsible for preparing capital asset financial information for reporting and budgeting purposes.