

**AN ORDINANCE ADOPTING THE FIXED ASSET POLICY FOR THE VILLAGE
OF WAYNESFIELD, STATE OF OHIO.**

WHEREAS, the State of Ohio requires that the Village prepare a fixed asset listing and modify it on an annual basis, and that a policy would provide guidance on the necessary record keeping to maintain the fixed asset listing.

NOW, THEREFORE, BE IT ORDAINED, by the Council of the Village of Waynesfield, Auglaize Ohio; THAT

Section 1. The Village does hereby adopt the attached fixed asset policy.

Section 2. That this Ordinance shall be published in accordance with State law.

Section 3. All formal acts of the Council of the Village of Waynesfield concerning and relating to the adoption of this Ordinance were taken in an open meeting of this Council and all deliberations of this Council and any of its committees are a result of such formal action were in meetings open to the public in compliance with all legal requirements.

Section 4. This Ordinance shall take effect and be in force from and after the earliest period allowed by law.

VOTE:

First Reading	Second Reading	Thirde Reading
Ball: <i>yes</i>	Ball: <i>absent</i>	Ball: <i>yes</i>
Fox: <i>yes</i>	Fox: <i>absent</i>	Fox: <i>yes</i>
Hutson: <i>yes</i>	Hutson: <i>yes</i>	Hutson: <i>absent</i>
Miller: <i>yes</i>	Miller: <i>yes</i>	Miller: <i>yes</i>
Nickles: <i>yes</i>	Nickles: <i>yes</i>	Nickles: <i>yes</i>
Walti: <i>yes</i>	Walti: <i>yes</i>	Walti: <i>yes</i>

Adopted:


Mayor

Attest:



Approved as to Form


Daniel L. Bey, Esq. Village Solicitor

Fixed Asset Policy

The asset management system is designed to facilitate management control of all fixed and movable property for more effective property accountability and utilization. As defined, a fixed asset is a long-lived tangible asset which is intended to continue to be held or used such as land, buildings, improvements other than buildings, infrastructure, furniture, equipment, and vehicles. A fixed asset threshold may be established or, a dollar value established whereby only assets at or above this dollar value will be recorded on the fixed asset inventory. Amounts under this threshold should be of an immaterial dollar amount or of an amount which not eliminate a significant dollar value of assets from the overall fixed asset inventory.

Asset classes may consist of the following:

Land - Land is real property, which generally includes both surface and content of the land. Land costs include not only the original contract price, but also such related costs as liens assumed, legal and title fees, and surveying. Appraisal costs are not capitalized. Land records should include the parcel number and/or the lot, book and tract, as well as an identification of use and location.

Land Improvements - Land improvements consist of land attachments with limited lives, including driveways, walls, fences, parking lots, irrigation systems, and the like. These are recorded separately from land so they may be depreciated over their useful lives and insured.

Buildings - Buildings are real property consisting of structures erected above or below the ground for the purpose of sheltering persons or property. Building costs include construction and purchase costs and the cost of all fixtures permanently attached and made part of the building. For constructed buildings, costs include contractor payments, in-house labor costs, attorney fees, and insurance during construction, architectural fees and similar types of costs.

Building records should include a quantitative and qualitative description of each structure segregating, where possible, the structure shell from the mechanical, roofing, electrical, plumbing, and built-ins. These latter assets may be replaced several times during the life of the structure shell. Segregation of these costs will ease accountability for replacing or improving the component parts and avoid pyramiding the asset valuation.

Building Improvements - Building improvements consist of additions, improvements, and replacements made to existing buildings. Building improvements increase the service potential of a building; they expand area, increase safety, improve climate control, extend the useful life of the structure or improve handicapped accessibility within the building. Examples are the installation of a sprinkler system, central air conditioning, or boiler replacement. A building improvement must have a significant impact and be a material amount in order to be capitalized. For this reason, partitioning, lighting, or flooring renovations will generally be expensed. Building improvement costs include construction costs, contractor payments, engineering costs, and other costs required to place the improvement in its finished state. Building improvements are capitalized and depreciated separately from buildings.

Furniture and Equipment - Furniture and equipment are defined as personal property not attached to land, buildings, or improvements and which remains movable. Included in this category are business machines, power tools, computers, etc. Costs associated with the direct purchase include shipping, site-preparation, and installation, unless these are nominal. Fixed asset records should include the location code and any identifying descriptions (manufacturer's model, serial number,

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etc.).

Vehicles - Vehicles include all over the road, licensed vehicles.

Asset Valuation - The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition such as freight and transportation charges, site preparation costs, and professional fees. Donated fixed assets should be recorded at their estimated fair value at the time received plus any ancillary charges, if any.

Cost is defined as the cash price, or its equivalent, plus all other costs necessary to place the asset in its intended location and condition for use.

Useful Lives - Useful lives of fixed assets relate to the life expectancy of the asset and are expressed in terms of the probable total years of service. Useful lives should be assigned to each asset unit.

Depreciation - Depreciation is allocation of the cost of the asset over its estimate useful life and is generally calculated using the straight-line method of depreciation (cost/useful life). Depreciation would be for all assets other than land or some land improvements as their value does not decrease over time. Depreciation is also not recorded on construction in progress.

Fixed Asset Maintenance - An individual should be assigned the task of maintaining the fixed asset records. These responsibilities may include:

1. Initial identification of qualified fixed assets.
2. Maintaining the data records.
3. Maintaining appropriate documentation.
4. Ensuring all physical acquisitions, dispositions, transfers, and relocations are identified.
5. Assignment of actual cost, useful life, and other required information.
6. Tagging.
7. Initiating the annual physical inventory process.

Physical Inventory of Fixed Assets - A periodic physical inventory of fixed assets (generally annually) is necessary for accountability and control. The inventory confirms or refutes the reliability of the property management system.

Tagging Fixed Assets - The primary purpose of tagging is to maintain a positive identification of fixed assets owned. Effective tagging results in:

- 1) Providing an accurate method of identifying individual assets;
- 2) Facilitating the inventory process on a periodic basis;
- 3) Controlling the location of all physical assets;

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4) Assisting in maintaining fixed assets.

A numeric tag system should be used to identify the fixed assets. Tagging will occur at time of acquisition. Tags should be placed where they can be easily seen.

Acquisitions - Newly acquired assets must be reported immediately to the individual maintaining the fixed assets records/system. This information should be provided at the time the purchase order is submitted for approval. If the order is for replacement equipment, the disposition information for the asset being replaced should also be provided. Upon receipt of the asset, the inventory tag should be affixed.

Dispositions - Fixed assets are retired through several means, including sale, trade-in, loss by theft, etc. All disposals by any means must be reported to the individual maintaining the fixed asset records/system. Any acquisitions involving a trade-in should also be thoroughly reviewed to properly record the disposal of the asset relinquished.

The fixed asset system for the Village of Waynesfield consists of the following classes of assets and useful lives:

- Land
- Land Improvements - 10 - 40 years
- Buildings - 25 – 100 years
- Building Improvements - 10 - 40 years
- Equipment - 5 - 35 years
- Vehicles - 10 - 40 years

The Village of Waynesfield has set a fixed asset threshold of \$5000. The Village of Waynesfield is not currently depreciating fixed assets. The Village of Waynesfield does not currently tag fixed assets.

Fixed asset additions are currently identified by the fiscal officer through the purchase order process and through discussion with department personnel. Disposals are identified by department personnel and the applicable information is provided to the fiscal officer. Currently, there are not forms completed for additions and disposals.