

**A RESOLUTION APPROVING AN AMENDMENT TO THE
CITY OF TWIN OAKS CAPITAL ASSETS POLICY.**

BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF TWIN OAKS, MISSOURI, AS FOLLOWS:

Section 1. The Board of Aldermen hereby approves an amendment to the Capital Asset Policy Statement which amendment is set forth in the revised Capital Asset Policy attached hereto as Exhibit 1 and incorporated herein by reference.

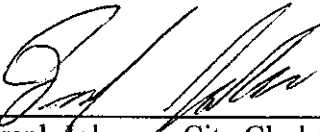
Section 2. This Resolution shall be effective upon its passage by the Board of Aldermen and execution by the Mayor.

THIS RESOLUTION WAS PASSED AND APPROVED THE 2nd DAY OF NOVEMBER 2022,
BY THE BOARD OF ALDERMEN OF THE CITY OF TWIN OAKS, MISSOURI.



Russ Fortune, Mayor

Attest:



Frank Johnson, City Clerk/Administrator

Exhibit 1
CITY OF TWIN OAKS
CAPITAL ASSETS POLICY STATEMENT

**CITY OF TWIN OAKS
CAPITAL ASSETS POLICY STATEMENT**

ACCOUNTING FOR CAPITAL ASSETS

Proper accounting for the cost of capital assets requires that a distinction be made between expenditures, which should be classified as maintenance expenses, and expenditures, which should be capitalized (charged to the capital assets accounts). To facilitate this distinction, the following policies should be followed:

1. All capital assets should be valued at cost or estimated cost if actual cost is not available. Donated capital assets should be valued at their fair market value on the date donated.
2. Capital assets acquired under lease/purchase agreements should be capitalized.
3. Land held for redevelopment should be recorded at the lower of cost or net realizable value.

PROPERTY RECORDS

The property record is a system, which involves the maintenance of a separate record for each capital asset unit.

Information on each property should include brief description, responsible person, location, date acquired, cost, components of the item, etc.

Only non-infrastructure assets of \$5,000 or greater should be included on the property records and accounted for as a capital asset item. Lots or groups of items should not be included when individual items cost less than \$5,000.

Any item of property that is readily separable, and separately useful from a larger assembly of which it forms a part, should be treated as a separate item.

The cost of replacing any property item smaller than \$500 should be accounted for, except for any substantial betterment involved, by charging such cost to maintenance expense.

A "betterment" is defined as an addition made to, or change made in, a capital asset, which is expected to prolong its life or to increase its efficiency over and above that arising from maintenance. Therefore, the cost of which should be added to the property records as a separate item. Betterments should have a cost of \$5,000 or greater to be included as a capital asset.

Minor items of property should include all parts or elements, which make up a unit of property. If a minor item is retired and not replaced, no entry should be made until the retirement of the unit itself. If a minor item is replaced, the cost of replacement should be charged as maintenance expense, unless the entry should be made on the property record. Minor items may include

building roofs, built-in air conditioning systems, or other elements that make up larger items.

THE COST OF EQUIPMENT AND TOOLS

"Equipment" is defined as all tangible property except land, structures, and improvements. If the fund constructs part of its own equipment, all the items in connection with the construction of equipment, including labor and materials, should be added to arrive at the cost of such equipment. If equipment is purchased, the cost includes, in addition to the purchase price, transportation expenses and cost of installation.

Tools are distinguished from equipment by being defined as having a relatively small unit value, less than \$1,500 each. Small tools are particularly susceptible to pilferage, breakage, and loss. Although the unit value of each tool is small, which makes elaborate internal control procedures unreasonable, the total amount spent by the City for tools is sizable enough to warrant some effort to discourage theft and encourage proper use. Periodic physical inventories of tools should be taken to bring to light errors resulting from pilferage and circumvention of the internal control.

INFRASTRUCTURE

In accordance with GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks, easements, right-of-way, etc.) of \$25,000 or greater are being capitalized prospectively from 2004 at historical cost. The costs of normal maintenance and repairs that do not enhance infrastructure functionality or materially extend the life of an asset are not capitalized, such as slab replacement, chip and seal, microsurfacing, or asphalt overlay.

CAPITAL ASSET LIVES

Capitalized assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	40
Building improvements	40
Improvements, other than buildings	15
Machinery and equipment	10
Furniture and fixtures	7
Vehicles	5
Computer/data handling equipment	3
Land, easements, and right-of-way	
Infrastructure:	
Culverts and bridges, concrete	40
Parking lots, concrete	35

Culverts and bridges, metal	30
Streets and sidewalks, concrete	30
Traffic signals, streetlights	25
Streets, asphalt	20

CONTROL TRANSACTION OBJECTIVES

1. Property and equipment are purchased only with the proper authorization.
2. Property and equipment purchased are recorded correctly as to account, amount, and period.
3. Physical loss of property and equipment is prevented or promptly detected.
4. Retirements, trade-ins, idle property, equipment, and related losses are identified and recorded correctly.
5. Depreciation, if applicable, is calculated using reasonable lives and acceptable methods and recorded correctly.

POSSIBLE ERRORS OR IRREGULARITIES

1. Property acquisitions not recorded, misclassified, or recorded in wrong period.
2. Property acquired is unnecessary and results in unused or idle capacity.
3. Capital projects improperly closed or not closed.
4. Property acquisitions intentionally misclassified or segmented to inflate expenditures or evade statutory or other legal limitations.
5. Overstated general capital assets account group and understated expenditures.
6. Misappropriation of property and equipment.

COMMON CONTROL POLICIES AND PROCEDURES

1. Detailed property and equipment ledgers are to be maintained and periodically reconciled to general ledger control accounts.
2. Detailed ledgers are to be periodically reconciled to a physical inspection of property and equipment.
3. For property and equipment readily susceptible to theft or damage, the following

safeguarding measures may be followed:

- a. Locks changed periodically and keys signed for, with keys on hand and signed out reconciled to total.
- b. Exposed property secured (bolted, chained, etc.) and weather protected.
- c. Employees with access bonded.
- d. Adequacy of insurance coverage regularly reviewed.
- e. Pass system (approved written document) in use for physical movement of assets off premises, for books, digital cameras, etc.