CITY OF WINONA WINONA, MINNESOTA **ADMINISTRATIVE PROCEDURE**	NUMBER: 115-1	REVISED: 5	PAGE 1 OF 1
	SUBJECT: **CAPITAL ASSETS PROCEDURES**		

1.0 POLICY

Capital assets (previously called "fixed assets") are those assets that are used in operations and that have an estimated useful life of at least two years following the date of acquisition. Tangible capital assets include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress and infrastructure.

The City's capitalization threshold, for all of its tangible capital assets, is $5,000. (This means that any item less than $5,000 would not be considered a capital asset.)

Capitalization thresholds are to be applied to individual items rather than to groups of similar items. (Library books are capitalized on an annual group basis when the total purchase of books is $5,000 or greater.) The capitalization threshold for the City's infrastructure is $50,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

2.0 ORGANIZATIONS AFFECTED: All departments/divisions

3.0 PROCEDURES

When a capital asset is purchased, it should be coded to one of the "capital assets" account numbers within the Fund/Department for which is will be used.

When a capital asset is no longer used by the department that it is recorded in, notification should be given to the Finance Department (via a written memo or an e-mail).

SOURCE OF INFORMATION

Recommended Practices for State and Local Governments (May 2001*)*

Governmental Accounting, Auditing & Financial Reporting (2001)

DEPARTMENT: FINANCE	SUPERSEDES: 6/7/2006	PREPARED BY: MBB	APPROVED BY: EBS	DATE: 4/1/2010