



TOWN OF HOMER *CAPITAL ASSETS*

*Council Members: Linda Hardaway - District I • Johnny West - District II • Keldron Johnson - District III
• Brandon Rich - District IV • Patricia Jenkins - District V*

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TOWN OF HOMER

**400 East Main, Homer, LA 71040
(318) 927-3555, Fax (318) 927-3399**

**DR. XANTHE SEALS
MAYOR**

www.townohomer.com

**TOWN OF HOMER
CAPITAL ASSETS
POLICY AND PROCEDURES**

POLICY

A capital asset is a tangible asset of the municipality that costs \$1,000 or more and has an estimated useful life extending beyond one year. Examples include land, buildings and improvements, and equipment used in the operations of the municipality. Also, capital assets include the infrastructure assets (roads, bridges, water system, sewer system, etc.) of the municipality.

Louisiana Revised Statute 24:515.B. 1 requires the municipality to maintain records of its capital assets. The clerk is responsible for recording, tagging (for identification purposes), and coordinating the annual inventory of all capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed. Failure to identify and periodically account for municipality assets /property exposes the municipality to possible loss, theft, and misuse of its assets. Any missing assets should be addressed and appropriately resolved, including notifying the district attorney and Legislative Auditor.

Capital assets are reported in the municipality's financial statements at cost (including interest and freight, if any). However, capital assets received as donations are reported at their estimated fair market value at the time of donation.

Except for land which is not depreciated, capital assets are depreciated over their estimated useful lives using the straight-line method of depreciation. The various asset classes are assigned the following estimated useful lives:

Asset Class	Estimated Useful Life
Land	Not depreciated
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	5 years
Vehicles	7 years
Computers	3 years
Office Equipment	7 years
Furniture	7 years

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Roads	40 years
Bridges	20 years
Water System	40 years
Sewer System	40 years

PROCEDURES	Date and Person Responsible
<p>Capital Asset Additions</p> <ol style="list-style-type: none"> 1. During the year, the department heads are to notify the clerk when a capital asset is purchased and received. 2. The clerk is to obtain the supporting documentation (e.g., purchase order, invoice, etc.) to record the asset information on the capital asset listing. Information recorded should include the asset description, date of acquisition, location, department, cost (or fair value if donated), salvage value, and estimated useful life. 3. The clerk is to assign an identification number to the asset and record that number on the listing. The clerk (or designee) is to affix a tag/sticker to the asset that displays the identification number and the name of the municipality. 	
<p>Capital Asset Deletions/Disposals</p> <ol style="list-style-type: none"> 1. During the year, the department heads are to notify the mayor when a capital asset is no longer useful in operations and thus available for disposal. 2. The mayor is to consult with legal counsel to ensure compliance with state laws that pertain to the disposal (e.g., sell, exchange, etc.) of municipality property/assets. 3. All disposal related documentation (e.g., board resolutions, appraisals, advertisements, bids received, etc.) is to be maintained by the clerk. 	

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4. The clerk and or treasurer is to identify the asset on the listing and document its disposal (e.g ., date, proceeds, etc.).

Annual Physical Inventory of Capital Assets

The mayor is responsible for ensuring that a physical inventory of capital assets is conducted at or near the end of each fiscal year.

1. Approximately 15 days before the end of each fiscal year, department heads are to be provided with a complete listing of the capital assets for which they are held accountable. These inventory lists are to be used to document their physical inventory.
2. Department heads (or designees) are to conduct the inventory by touring the department premises and locating each asset listed. Every effort is to be made to locate all assets of the municipality.
 - For each asset that is observed, place a check-mark on the inventory listing next to the description of the asset
 - Verify that the asset's location is the same location shown on the inventory listing. If not the same location, make a note of the change.
 - For an asset that is missing, place an "x" on the listing next to the description of the asset. Department heads are to immediately notify the mayor of any missing assets.
3. The mayor is to notify the district attorney and Legislative Auditor of any misappropriation of assets.
4. Upon completion of the physical inventory, department heads are to sign and date their inventory lists and return to the clerk.
5. The clerk/ and or treasurer is to review the inventory lists for completeness and for any notes made by department heads. The clerk updates the capital assets listing for any changes and prints a final listing.

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<p>6. Annually, the listing of capital assets is to be reconciled/agreed with the assets account balance(s) recorded in the accounting system (general ledger).</p> <p>7. The inventory lists and the final capital assets listing are to be made available to the auditor upon request.</p>	
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