

Approved at the regular meeting of the Village Board of Trustees December 1, 2009.

**VILLAGE OF HOMER, NEW YORK
FIXED ASSETS POLICY**

1. This policy is intended to address the method of accounting for General Fixed Assets. Keeping these accounts will facilitate the following:
 - (a) Maintaining a physical inventory of assets;
 - (b) Assigning accountability;
 - (c) Establishing replacement costs;
 - (d) Determining adequate insurance coverage; and,
 - (e) Preparing a capital budget.
2. Only a general journal (*i.e.*, maintained by and in the office of the Village Treasurer) and general ledger (*i.e.*, maintain by and in the main work space of the Village Department Head responsible for assigned General Fixed Assets) will be used to record activity within the General Fixed Asset Group of Accounts.
3. General Fixed Assets to be included in these accounts are those which have:
 - (a) A *significant value*. Significant value for the purposes of this policy shall mean those assets equaling or exceeding one thousand dollars (\$ 1,000.00);
 - (b) an estimated useful life equaling or exceeding one year or more; or,
 - (c) physical characteristics which are not appreciably affected by use or consumption; or,
 - (d) property that is otherwise easily pilferable (*e.g.*, hand tools).
4. Fixed assets will be classified in one of the following major control groups in a separate sections of the general ledger:
 - (a) Land;
 - (b) Buildings;
 - (c) Improvements to land, other than buildings (*e.g.*, highways, potable water infrastructure, sanitary sewer infrastructure *etc.*);
 - (d) Equipment; and,
 - (e) Mechanic's / hand / power tools.
5. Assets shall be recorded at historical cost; or, if such cost is not available, at estimated historical cost. Gifts of fixed assets will be recorded at estimated fair market value at time of gifting. Depreciation of assets may be recorded as well.
6. A property record (*e.g.*, card, machine listing, *etc.*) should be maintained for each asset. Where possible, the property record should contain such information as date of acquisition, description, value, location, responsible official, and date and method of disposition. Like equipment may be grouped by location and only one property record prepared for the group. However, where the grouping General Fixed Assets is insufficient as a method to control physical inventory, due to the mobility of such equipment, this method should not be utilized. Equipment identification may be facilitated by means of numerical decals, tags, or the like. The use of a property record will not relieve a department head from the responsibility of maintaining a general ledger as well.
7. The Department Head of each of the Village of Homer's executive departments shall be responsible for the conduct of inventories and the maintenance of the general ledgers relative to General Fixed Assets

8. Inventory frequency, scope, and character:

(a) Frequency

- (i) *Annual inventory.* An annual inventory of the Village of Homer's General Fixed Assets shall be conducted once *per annum* in December a minimum, and submitted to the Village Treasurer no later than the immediately following January.
- (ii) *Transfer inventory.* A transfer inventory is an inventory necessitated by a personnel change in the office of the Village Treasure, upon the creation or consolidation of any department, or a personnel change among department heads.
- (iii) *Directed inventory.* A directed inventory is conducted at such times as the Village Board of Trustees may in its judgment direct by simple majority vote deem necessary. Such directed inventory may be a village-wide inventory or such inventory of lesser scope as may be thought necessary by the Village Board of Trustees.

(b) Scope

- (i) *Village-wide inventory.* A village-wide inventory for the purposes of this policy shall mean an inventory of all property owned by the Village of Homer without regard to its department of assignment, type of property, or location. All annual inventories and transfer inventories necessitated by a personnel change in the office of the Village Treasure shall be of this type;
- (ii) *Department-wide inventory.* A department-wide inventory for the purposes of this policy shall mean an inventory of all property assigned to a particular department. A transfer inventory necessitated by the creation or consolidation of any department, or a personnel change of department heads shall be of this type;
- (iii) *Type inventory.* A type inventory for the purposes of this policy shall mean an inventory of all property within any category denominated in paragraph 4, *supra*, without regard to the General Fixed Assets' department of assignment.

(c) Character

- (i) *Physical inventory.* A physical inventory for the purposes of this policy shall mean an inventory of such character that the cognizant department head has visually confirmed the location and existence of all General Fixed Assets of the department. All inventories conducted under this section, without regard to frequency or scope shall be of this type.

9. All inventories, without regard to type, scope, or character, shall be reconciled with the General Journal of General Fixed Assets maintained in the office of the Village Treasure. Discrepancies shall be traced, explained, and reflected by appropriate journal entries to the accounts.