

**City of Everman**  
**Asset Management Policy**  
Updated: 03/03/2026

**PURPOSE**

The purpose of this Asset Management Policy is to establish uniform procedures for the acquisition, tracking, safeguarding, reporting, maintenance, and disposal of capital assets owned or controlled by the City of Everman. This policy is adopted by the Everman City Council and administered under the authority of the City Manager. It applies to all departments and employees of the City.

This policy ensures:

- Compliance with 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- Accurate financial reporting
- Protection of public assets
- Responsible stewardship of taxpayer and grant-funded resources
- Transparent audit practices

**SCOPE**

This policy applies to all financial assets of the City including:

- All City-owned capital assets
- Assets purchased with local, state, or federal funds
- Assets acquired through donation
- Assets leased or financed through capital lease agreements
- Federally funded equipment subject to Uniform Guidance

**DEFINITIONS**

**Capital Asset** - A tangible asset with:

- A useful life of more than one (1) year, and
- A per-unit acquisition cost of **\$5,000 or greater**  
(or lower threshold if required by specific grant conditions)

**Infrastructure Assets** - Long-lived capital assets such as roads, bridges, drainage systems, water/sewer systems, and public buildings.

**Equipment (Federal Definition – 2 CFR 200.1)** - Tangible personal property having:

- A useful life of more than one year, and
- A per-unit acquisition cost of \$5,000 or more (or lower if established by the City).

**Acquisition Cost** - the total expense incurred to purchase an asset includes purchase price, taxes, shipping, installation, and modifications required to place asset into service

## **CAPITALIZATION THRESHOLDS**

The City of Everman establishes the following capitalization thresholds:

<b><u>Asset Type</u></b>	<b><u>Capitalization Threshold</u></b>
Land	Capitalize regardless of cost
Buildings & Improvements	\$25,000
Infrastructure	\$25,000
Vehicles	\$5,000
Equipment	\$5,000
Technology Hardware	\$5,000 (grouped if part of system)

Departments must consult Finance before splitting purchases to avoid threshold requirements.

## **RESPONSIBILITIES**

### **City Council**

- Approves capital improvement budgets
- Adopts this policy and amendments

### **City Manager**

- Ensures implementation and compliance

### **Finance Director**

- Maintains official capital asset records
- Ensures audit compliance
- Conducts annual reconciliation
- Oversees depreciation schedules
- Ensures federal compliance

### **Department Directors**

- Safeguard assets assigned to their departments
- Conduct annual physical inventory
- Report lost, stolen, or damaged assets
- Ensure proper maintenance

## **PROCUREMENT AND ACQUISITION**

All capital assets must be acquired in accordance with: City purchasing policy, Texas Local Government Code, and Federal procurement standards (2 CFR §§200.317–200.327 when applicable).

Federally funded equipment, procurement must: avoid conflicts of interest, include competitive procurement when required, and maintain full documentation of vendor selection.

## **ASSET IDENTIFICATION AND TAGGING**

Upon acquisition Finance will record the asset in the City's asset management module within OpenGov and shall:

1. Assign a unique asset identification number
2. A physical tag or barcode shall be affixed, when practical

For federal equipment, the record must include:

- Description
- Serial number or identifying number
- Funding source (including Federal Award Identification Number)
- Acquisition date
- Cost
- Location
- Use and condition
- Disposition data (if applicable)

## **INVENTORY CONTROL**

### **Annual Physical Inventory**

- Conducted at least once every two (2) years (federal minimum requirement)
- The City of Everman will conduct **annual inventory verification**
- Discrepancies must be reported to the Finance Director immediately

### **Inventory Reconciliation**

Finance shall:

- Reconcile physical inventory to accounting records
- Investigate discrepancies
- Document corrective action

## **USE AND SAFEGUARDING**

- Assets must be used for official City purposes only.
- Federally funded equipment must be used for the program under which it was acquired as long as needed.
- Departments must implement internal controls to prevent:
  - Theft
  - Loss
  - Misuse
  - Unauthorized disposal

Lost or stolen assets must be reported immediately to:

- Department Director
- Finance Director
- Police Department (if appropriate)

## **MAINTENANCE**

Departments are responsible for:

- Preventative maintenance schedules
- Documented service logs for vehicles and major equipment
- Ensuring assets remain in operational condition

Failure to maintain federally funded equipment may jeopardize future funding eligibility.

## **DEPRECIATION**

The City shall depreciate capital assets in accordance with:

- Generally Accepted Accounting Principles (GAAP)
- Governmental Accounting Standards Board (GASB)

Depreciation method:

- Straight-line method
- No salvage value unless otherwise justified

## **DISPOSAL OF CAPITAL ASSETS**

**General assets disposal methods may include:**

- Public auction
- Sealed bid
- Trade-in
- Intergovernmental transfer
- Recycling or destruction (if no residual value)

City Council approval may be required depending on asset value.

**Federally Funded Equipment disposal rules (2 CFR 200.313):**

If current per-unit fair market value of the equipment exceeds \$5,000,

- The City may retain or sell the asset
- The federal government is entitled to its proportional share

Disposition documentation must include:

- Date of disposal
- Sale price
- Method of disposal
- Federal share returned (if applicable)

## **TRANSFERS BETWEEN DEPARTMENTS**

- Must be documented in writing
- Finance must update asset records
- Receiving department assumes custody responsibility

## **CAPITAL IMPROVEMENT PLANNING (CIP INTEGRATION)**

The City shall:

- Maintain a multi-year Capital Improvement Plan (CIP)
- Evaluate asset lifecycle costs
- Plan for replacement schedules
- Integrate capital planning with long-term financial forecasting

## **INSURANCE AND RISK MANAGEMENT**

- Capital assets shall be insured or self-insured as determined by the City
- High-value assets shall be reviewed annually for coverage adequacy

## **INTERNAL CONTROLS**

The City shall maintain internal controls consistent with:

- 2 CFR §200.303
- GAAP
- GASB standards
- Single Audit requirements (if applicable)

Controls shall include:

- Segregation of duties
- Documentation retention
- Periodic audits
- Restricted access to asset records

## **RECORD RETENTION**

Capital asset records shall be retained:

- For the life of the asset plus three (3) years
- For federally funded equipment, per grant agreement requirements (minimum three years after final disposition)

## **POLICY REVIEW**

This policy shall be reviewed:

- At least every three (3) years
- Upon changes in federal regulations
- Upon recommendation of the Finance Director or City Manager