

City of Brookings Capital Asset Management Policy **Amended: May 26, 2026**

Purpose

The purpose of this Capital Asset Management Policy is to:

1. Provide control and accountability over capital assets;
2. Provide uniform procedures for furnishing information needed for effective analysis and control of capital expenditures; and
3. Provide a database of inventory information to meet the reporting needs for the preparation of the City's financial statements.

Benefits of an Inventory System

1. Property control and accountability through a comprehensive citywide inventory system.
2. Improved equipment utilization through control and identification of capital assets.
3. Database to meet GAAP, federal grants, and City of Brookings requirements.
4. Database to meet the requirements of proper risk management and provide a basis for identifying equipment for the City's insurance.
5. Basis for management to project and budget future capital replacement requirements.

Finance Department Requirements

1. Establish an accounting system and procedures in accordance with Generally Accepted Accounting Principles (GAAP) to ensure the City's assets, including capital assets, are properly accounted for.
2. Provide a standard method for departments to follow in maintaining records for City-owned equipment.
3. Maintain an inventory of City-owned or controlled land resources.

Ownership, Control, and Lease-Related Assets

1. Assets with retained residual title by another government.
 - a. When an external governmental entity (e.g., federal or state government) retains residual title to a capital asset, the asset shall be included in the City's capital asset inventory if the City has control of the present service capacity of the asset. Control is evidenced by the City's ability to use the asset to provide services and determine the nature and manner of its use.
2. Leased Assets (Right-to-Use Assets).
 - a. In accordance with GASB Statement No. 87, leases are recognized as financing of the right to use an underlying asset.

- i. The City shall record an intangible right-to-use lease asset and corresponding lease liability for all leases with a term greater than 12 months.
 - ii. These right-to-use assets shall be included in the capital asset inventory and amortized over the shorter of the lease term or the useful life of the underlying asset.
 - iii. This treatment replaces the previous concept of “capital assets on lease or long-term loan.”
 3. Temporary custodial responsibility.
 - a. Assets for which the City has only temporary custody or non-substantive control, including short-term arrangements or assets held for safekeeping, shall not be reported as capital assets. Such arrangements do not meet the definition of control of the present service capacity and are therefore excluded from the City’s capital asset inventory.

Component Units

Component units of the City must designate, in writing, one or more persons to be responsible for maintaining and safeguarding the component unit’s capital assets. The component unit is responsible for developing internal policies and procedures to protect and control the use of all capital assets.

Project Tracking

Capital projects will be tracked within a work in progress number assigned by the Finance Department. Upon completion of the project, the responsible department shall:

1. Allocate the project costs into the appropriate capital asset categories to be added to the capital asset inventory.
2. The Finance Department shall enter the above information into the capital asset management system.

General Guidelines

The City of Brookings requires all departments to be accountable for all property under its control.

1. In accordance with state and federal guidelines, the current threshold for which an inventory of capital assets is maintained is \$10,000 unless conditions of a grant require a lower threshold or assets of less value are subject to a high rate of theft.
2. The enterprise funds will continue to depreciate equipment purchased prior to this amendment using the depreciation methodology previously applied until the equipment is fully depreciated.

3. City departments are to be responsible and held accountable for all property under the department's control.

Department Responsibilities

City departments have an important role in the maintenance of an accurate, up-to-date inventory system. Adherence to the following guidelines helps to ensure that departmental inventory records are as accurate and complete as possible.

1. Departments shall enter accurate information on purchases through the Accounts Payable (AP) system. Most of the data recorded in the capital asset management system is taken directly from the vouchers. Correct coding by departments avoids the need for subsequent corrections.
2. Equipment purchases must be coded using the appropriate capital expenditure account and applicable "9XX" object code.
3. Entering the correct asset location, serial numbers, make, model, etc. on the voucher is a best practice to ensure proper record keeping.

Capital Asset Additions

This statement explains the procedures for the addition of assets into the capital asset management system.

1. All capital equipment owned by the City or meeting the City's criteria for control of present service capacity shall be included in the capital asset management system.
2. Departments shall provide the Finance Department with copies and documents relating to the equipment purchases; (i.e., cost, acquisition value, serial numbers, model numbers, building/room location of assets).
3. The Finance Department enters the above information into the capital asset management system.

Capital Asset Retirement

1. Property no longer fit for use by reason of age, wear, tear, or otherwise and is beyond repair shall be approved by the Department Head. The Capital Asset Transfer Disposition Request Form shall be submitted to the Finance Department to be entered into the capital asset management system for the year in which the property is removed from service.
2. The property described above shall be disposed of in the manner prescribed by the [South Dakota Local Government Guide for Acquisitions, Disposals and Exchanges](#) published and maintained by the South Dakota Department of Legislative Audit.
3. All money derived from the sale of public personal property shall be deposited to the City.
4. Record retention. Departments should retain copies of surplus property forms, asset transfer forms, stolen property reports, and any other documentation

regarding equipment dispositions. The information must be retained by the department for verification purposes until the Finance Department removes the item from the department's inventory. Lost or destroyed property is to be noted in the inventory. An item is considered stolen when it has been illegally removed from its designated location. Send the Finance Department a copy of the stolen property report.

Capital Asset Transfers

This statement explains the procedures for the transfer of assets in the capital asset management system. Transfers are recorded on the City's inventory when there is a permanent change in asset location or physical custody. (i.e., from one department to another). If the equipment is temporarily loaned or relocated and the intention is to reclaim the item in the near future, the asset record need not be changed.

1. Departments are responsible for the physical custody of equipment. All transfer data must be accurate to ensure reliability of the City's inventory.
2. Departments shall complete the Equipment Transfer Disposition Request Form showing the old location and the new location. The form must be signed and dated by the department head for the new location.

Off-site Use and Storage of Equipment

Departments are responsible for safeguarding City-owned assets used off-site or stored outside City facilities. Department Heads may authorize temporary off-site use or storage when necessary for City operations.

Gifts-in-Kind

This statement explains the procedures for reporting equipment and other assets donated to the City.

1. All capital assets donated to the City must be included in the Capital Assets System Inventory. It is the responsibility of each department head to notify the Finance Department when equipment and other assets are donated to the City.
2. When donated items are received by departments, the pertinent sections of the Notification of Gift Form must be completed and submitted to the Finance Department. The Finance Department will then record the information in the capital asset management system.

Equipment Inventory

This statement provides policies and procedures relating to the annual physical inventory of capital assets conducted by departments.

1. State regulations require the City to maintain an inventory of capital assets. Each department is responsible for verifying information related to its assigned inventory and submitting any changes or corrections to the HR Risk Manager.
2. The HR Risk Manager shall maintain inventory reports and coordinate with departments to keep inventory records current and accurate.

3. The Finance Department shall record any necessary additions, disposals, transfers, or adjustments within the capital asset management system for financial reporting purposes.

Useful Lives

Depreciation is the systematic and rational allocation of the historical cost of a capital asset over its estimated useful service life. The estimated useful service life as listed on [Municipalities – Capital Asset Useful Life Table](#) on the South Dakota Department of Legislative Audit [website](#) shall apply to assets capitalized in 2026 and thereafter.

Forms

1. Capital Asset Purchases
2. Equipment Transfer Disposition Request

Capital Purchase

A copy of the invoice MUST be attached to the form.

DATE _____

DEPARTMENT _____

VENDOR NAME & NO.

INVOICE DATE _____

ACCOUNT NO. _____

AMOUNT \$ _____

RESPONSIBLE PARTY _____
(Job Title)

LOCATION _____

SERIAL # _____

*LIFE OF ASSET _____

***Refer to the Capital Asset Policy ~ use Article 10 ~ Identify category and useful life per policy**

COMPLETE DESCRIPTION

List ONE capital asset per form.

CITY OF BROOKINGS
Capital Asset System
Equipment Transfer Disposition Request

Asset Number:	Date:
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Equipment Description:

Department:

Name of Person Submitting Request:

I. TRANSFER SECTION: To transfer asset to another department (requires dual signatures).

II. DISPOSITION SECTION: To permanently remove assets from Capital Asset System. Please provide a brief narrative describing when and under what circumstances the asset was removed from inventory. If the equipment is returned or located in the future, the Finance Department must be notified as soon as possible to add the item(s) back into the inventory.

Disposal Method (please check box and give explanation)

- | | |
|----------------------------------|---|
| <input type="checkbox"/> Lost | <input type="checkbox"/> Destroyed |
| <input type="checkbox"/> Altered | <input type="checkbox"/> Hazardous Other |

Explanation:

Both signatures below are required certifying the asset has been transferred to another department, or permanently removed from City Property by some other means.

Department Head Signature

City Manager Signature