

EXHIBIT C

ASSET CLASSIFICATION EXAMPLES

Capital Asset Administrative Procedures

FIN 6.11.01

Purpose

The purpose of this administrative procedure is to provide examples to assist City bureaus in making decisions on asset classifications.

Overview

1. The classifications shown below are not all inclusive.
2. They are guidelines outlining assets by classification and/or category.
3. The Accounting Division can provide additional guidance to City bureaus upon request.

Buildings / Building Lease

1. Relatively permanent structures housing persons or property, on foundations, and those fixtures permanently attached.
2. The cost includes
 - a. purchase price,
 - b. commissions,
 - c. attorney fees,
 - d. escrow fees,
 - e. title and recording fees,
 - f. delinquent taxes paid by the buyer,
 - g. surveying costs,
 - h. draining,
 - i. filling and grading costs,
 - j. judgments levied,
 - k. incidental costs in acquiring ownership and title,
 - l. other costs of preparation for the intended use such as complete or partial removal of an old building, less proceeds from salvaged materials when the building is replaced or upgraded.
 - i. For example, a building is purchased with the intent to use for a designated period of time. Afterwards, the building is demolished and reconstructed. The cost of removing the old building less the proceeds from salvaged materials are included.

Improvements to Building

1. Additional cost incurred to an existing building or replacement cost for a raised, demolished and/or removed building less proceeds from salvaged materials, which are permanent in nature with a definite useful life beyond ten years that meets the dollar threshold.
2. Below are a few examples of Improvements to Building:
 - a. Adding a conference room or tearing down walls to reconfiguring office space.
 - b. Adding structures attached to an existing building.

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Computer Software

1. Purchased outright, licensed, software as a service, cloud computing, hosted, or internally generated by the City or by an entity contracted by the City, or acquired from a third party but require more than minimal incremental effort to achieve expected level of service capacity.
2. Below are a few examples that should not be capitalized as computer software:
 - a. Training costs are not included as an ancillary cost
 - b. Annual licenses fees
 - c. Ongoing maintenance fees

Construction in Progress

1. Capital Project(s) that are not expected to be completed at fiscal year's end,
 - a. building projects,
 - b. computer software projects,
 - c. improvements to land projects,
 - d. infrastructure projects, and
 - e. any other type of capital project.

Equipment/Equipment Lease

1. Vehicles, office equipment, furnishings, and similar moveable items that meets the dollar threshold and if applicable any ancillary cost for customizing vehicles, office equipment, furnishings, or similar moveable items with components with a definite useful life beyond one year less proceeds from a replacement trade-in equipment item, if applicable.
 - a. The cost includes
 - i. purchase price
 - ii. sales tax,
 - iii. freight charges,
 - iv. shipping insurance,
 - v. direct costs related to assembling, installing and testing
 - b. Examples of ancillary cost include police car outfitted with advanced gps system, fire truck with exhaust addition, copier with a finisher upgrade and hole punch unit.

Land

1. Land associated with building purchases, developable sites, radio towers or permanent easements.
 - a. Purchase Price
 - b. Ancillary land cost
 - i. Commissions
 - ii. Attorney fees
 - iii. Escrow fees
 - iv. Title and Recording fees
 - v. Delinquent taxes paid by buyer
 - vi. Surveying costs
 - vii. Judgements levied

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- viii. Preparation costs for the intended use (removal of building less proceeds from salvaged materials)
 - 1. Draining, filling and grading costs
- 2. Radio Frequency Transmission Facilities
 - a. Broadcast structures
 - i. Monopoles
 - ii. Towers

Improvements to Land

- 1. Additional cost incurred for existing land which is permanent and non-moveable in nature with a definite useful life beyond ten years, that meets the dollar threshold and enhances the land's usage.
 - a. Examples include, but are not limited to walkways, hiking trails, fences, bicycle racks, retaining walls, swimming pools, parking lots and landscaping.

Land Use Rights

- 1. Land use rights are
 - a. easements,
 - b. rights of way,
 - c. water,
 - d. timber,
 - e. air and
 - f. mineral rights
 - i. which grant the City the ability to use, obtain, harvest, mine, or otherwise use resources on land not owned by the City.
- 2. The cost includes the
 - a. purchase price,
 - b. commissions,
 - c. attorney fees,
 - d. escrow fees,
 - e. title and recording fees,
 - f. delinquent taxes paid by the buyer,
 - g. surveying costs,
 - h. draining,
 - i. filling and grading costs,
 - j. judgments levied,
 - k. incidental costs in acquiring ownership and title,
 - l. other costs of preparation for the intended use such as removal of an old building, less proceeds from salvaged materials.

Owning Rights

- 1. Trademark is a word that distinctly indicates ownership of a product or service, and it is legally reserved for the exclusive use of that owner.
- 2. A copyright is the exclusive legal right to reproduce, publish, sell or distribute the matter and form of something (as literary, musical, or artistic work).
- 3. A patent is the legal right to use an invention.

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History

Adopted by the Chief Administrative Officer, October 10, 2017