

City of Stanwood
RESOLUTION 2015-21

**A RESOLUTION OF THE CITY OF STANWOOD, WASHINGTON
PROVIDING FOR A POLICY AND PROCEDURES FOR FIXED ASSETS**

WHEREAS, from time to time the Finance Committee makes recommendations to the City Council recommending certain changes to the City Policy and Procedures; and

WHEREAS, the City currently does not have a formally adopted fixed asset policy and procedure; and

WHEREAS, a fixed asset policy would enable the City to meet statutory requirements, produce adequate records and reports, and to safeguard assets properly.

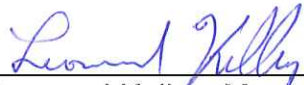
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANWOOD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. FIXED ASSETS POLICY AND PROCEDURES – Attached as Exhibit A hereto.

Section 2. It is the policy of the City to maintain accountability over all tangible assets having a life expectancy exceeding one year and costing \$5,000 or more. This policy also includes those assets of a lesser value that may be attractive to theft. The Finance Director shall maintain the asset records. The asset records shall be verified by a physical inventory at least bi-annually.

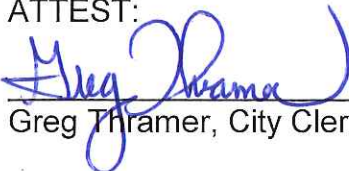
PASSED AND APPROVED by the City Council of the City of Stanwood this 8th day of October, 2015.

CITY OF STANWOOD



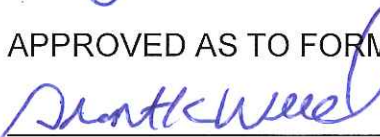
Leonard Kelley, Mayor

ATTEST:



Greg Thramer, City Clerk

APPROVED AS TO FORM:



Grant Weed, City Attorney

Exhibit A to Resolution 2015-21

City of Stanwood Policy and Procedures Fixed Assets

Purpose

The purpose of the Fixed Assets Policy and Procedures is to meet statutory requirements, to produce adequate records and reports, and to safeguard assets properly.

Policy

Definitions

- 1) Cost – “original” or “historical” cost is the amount paid to acquire an asset. This cost is based on actual price paid, including related taxes, commissions, installation costs and any other costs related to acquiring the asset or preparing it for use. The actual price should approximate fair market value. This cost principle applies to all asset acquisitions.
- 2) Depreciation – the portion of the cost of a fixed asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.
- 3) Fixed Assets – real and personal property which the City intends to use or keep for more than two years. Fixed assets include land and land rights, improvements and infrastructure, buildings and their furnishings, furniture and fixtures, equipment, machinery, vehicles and tools.
- 4) Fixed Asset System – the set of policies, procedures and computer programs used to control the City’s fixed assets.
- 5) Infrastructure – roads, bridges, sidewalks, water lines, sewers, drainage systems and the like.

Capitalization Limit

All assets acquired with a cost of \$5,000 or more per individual item will be capitalized, tagged and input into the fixed asset system. Assets acquired through capital lease financing will be capitalized in accordance with this policy. Donated fixed assets will be recorded at an estimated fair market value at the time received.

It is the policy of the City to maintain accountability over all tangible fixed assets having a life expectancy exceeding two years and costing \$5,000 or more. This policy also includes those assets of a lesser value that may be attractive to theft. The Finance Director shall maintain the asset records. The asset records shall be verified by a physical inventory at least once bi-annually.

Responsibilities

The Finance Director will establish a fixed assets system and prepare guidelines for the physical inventory. To establish the original inventory, department heads and the Finance Director shall conduct a physical inventory of all assets in each department, which shall be adopted by a resolution of the City Council.

To assist in accountability and theft prevention, each department head shall be held responsible for all property assigned to his/her department. Under the City's Personnel Policy Manual, theft and/or unauthorized use of city property is not allowed and may lead to disciplinary action up to and including termination and criminal prosecution. Any theft or suspicion of theft or unauthorized use should be reported to the responsible department head and the Finance Director for further investigation.

Each department head will notify the Finance Director of any additions, deletions, interdepartmental transfers, modifications, or lease of property within thirty (30) week of the transaction. The Finance Director will ensure the appropriate changes are made to the department's fixed asset records.

Asset Identification

A quantity of pre-numbered asset tags will be assigned by the Finance Director to each department head. The purchasing department shall be responsible for tagging its own fixed assets, preparing an Asset Addition Form and submitting to the Finance Department within thirty (30) days of purchase. The assigned asset tag number will follow the asset throughout its life in the City's fixed asset system

The supply of unused tags will be maintained by the Finance Department. Such tags/markings will be removed or obliterated only when the item is declared surplus by resolution of the City Council and disposed of. The surplus resolution shall authorize the Finance Director to either sell or dispose of such assets in an efficient and cost-effective manner. Should the ID number be removed or defaced, the item shall be marked with a replacement number.

Small and Attractive Assets

Some assets that do not meet the \$5,000 limit will be tagged and tracked in the fixed asset system if they are determined to be "small and attractive assets" as determined by the Finance Director.

Small and attractive assets are those assets that are particularly at risk or vulnerable to loss that do not meet the City's capitalization threshold of \$5,000. Departments are ultimately accountable for their small and attractive assets and therefore should implement specific measures to control such items in order to minimize the risk of loss.

Departments must include, at a minimum, the following assets with unit costs of \$500 or more as *small and attractive*:

- 1) Personal computers
- 2) Laptops and notebook computers
- 3) Communications equipment, both audio and visual
- 4) Cameras and projection equipment
- 5) Other data processing accessory equipment and components (scanners, mobile data storage devices, etc.)
- 6) Other easily portable and desirable tools or equipment such as portable generators, gas-powered hand tools, etc.

Additions

A Fixed Asset Addition form (Attachment C) will be completed by the purchasing department and sent to Finance for each fixed asset acquired through the normal purchasing procedure within thirty (30) days. This form will include the purchase date, asset description, make/model number, vendor, serial number, license plate number (for vehicles), asset tag number, department and cost. A copy of the supporting invoice shall be attached to this form. Finance will input all information into the fixed asset system upon receipt.

Transfers and Disposals

All assets transferred to another department, transferred to a surplus pending sale, or disposed of must have a Equipment Surplus / Inter-Department Transfer form (Attachment D) explaining the circumstance. The department from which the asset is moving will be responsible for completing the form. All changes in custody or use are recorded in the Fixed Asset System.

Depreciation

Depreciation is an attempt to match the cost (decline in value) of assets to the time periods the assets serve the City.

The City is recognized as a Category II entity by the State of Washington and uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP). The City is not required to account for depreciation.

Physical Inventory

The Finance Department shall complete a physical inventory bi-annually of all city property. The purpose of this physical inventory is to assure that all City property is actually in the possession of the City and property accounted for.

When reconciled, the physical inventory provides evidence that department heads are meeting their stewardship duties over their assets. An inventory may also help the department plan for future purchases by identifying unanticipated wear and tear of equipment before it breaks down.

The Finance Director will assign inventory teams for each department. The Finance Department will distribute a listing of assets, by department, to be used as an inventory worksheet. Inventory teams will take the worksheets to their assigned areas and attempt to locate everything on the list.

Missing items will be properly investigated and explained and noted as "missing, sold, etc."

Items not included in the inventory sheet but physically located will be assigned a number by the Finance Director and added to the Fixed Asset System. Conversely, the Finance Director shall remove items from the Fixed Asset System that do not qualify, either because they are less than \$5,000 or not "small and attractive."

All land, machinery and equipment, buildings, and improvements other than buildings with an original value of \$5,000 or more must be inventoried. Departments shall also inventory other items that are attractive in nature and have certain desirability to the general public.

Lost or Stolen Assets

Lost or stolen equipment must be reported to the Mayor and the Finance Director as soon as it is discovered. The department head shall file a "missing property report." If the item has not been found after ninety days of filing the report, the department will send an Equipment Surplus / Inter-Department Transfer form so the missing asset can be properly declared as surplus.