

RESOLUTION NO. 2013-11

A RESOLUTION OF THE CITY OF BENTON CITY ESTABLISHING CAPITAL AND SMALL AND ATTRACTIVE ASSETS POLICIES AND PROCEDURES

WHEREAS, the City Council acknowledges that it is their fundamental responsibility to make certain that public property is adequately protected and that its use is properly managed to include several broad responsibilities with respect to custody, insurance, maintenance, and planning; and

WHEREAS, a capital asset management system is the set of policies and procedures used to control the government's capital assets; and

WHEREAS, it is the recommendation of the Government Finance Officers Association of America (GFOA), through their "Best Practices" guide that every government undertake a systematic effort to identify all of its assets and adopt policy to provide guidance for assets to which they hold title in order to ensure adequate safeguarding of the assets (e.g., protection from loss, theft), provide documentation necessary for effective use, maintenance, management, and reporting of the assets, facilitate the calculation and recording of depreciation for the assets, and provide necessary documentation for insurance purposes; and

WHEREAS, the City Staff has developed an administrative policy to implement a capital assets accounting standard that complies with the guidelines of the State Auditor and the Government Finance Officers Association (GFOA); **NOW, THEREFORE,**

THE CITY COUNCIL OF THE CITY OF BENTON CITY, WASHINGTON, hereby resolves as follows:

Section 1. Fixed Assets

The following policies and procedures document a fixed asset system designed to comply with all statutory requirements and increase control over those assets for which the city has stewardship responsibility. The intent of these policies is to obtain accountability over our assets, provide centralized documentation for insurance purposes, meet financial reporting needs, and generate asset management information.

A. Policy

It is the policy of the city to maintain accountability over all tangible fixed assets having a life exceeding one year and costing \$5,000 (including tax) or more. The City Clerk shall maintain asset records provided by the various city departments/funds, such records to be verified by a physical inventory at least once a year by each department.

B. Purpose

A fixed asset inventory system gathers information allowing preparation of financial statements in accordance with generally accepted accounting principles. The system should provide adequate stewardship over its resources through control and accountability of the fixed assets.

C. General

Assets in the system include all land, buildings, machinery and equipment valued at \$5,000 or more (including sales tax). Small tools and equipment or attractive items

(cameras, radios, etc.) under \$5,000 will be maintained by each department in their own data base and will be governed by Section 2.

D. Responsibility Of Department Heads

The City Clerk will prepare a fixed assets list at least annually for distribution and review. The department heads or their designee will need to review, update, delete, and add new items to the list within 30 days of distribution. Typically this review will occur in January of each year. If an item is deleted, the Department Head will note the reason and/or means of disposal. After the adjustments are made the final asset list will be given to the Mayor to sign that it is true and correct.

E. Asset Identification

All inventorial property will be assigned a unique city identification number (see section G) by the City Clerk's office. The assigned number will follow the asset throughout its life in the city's fixed asset system.

Whenever feasible, each piece of property will be tagged or marked with the city identification number on the upper right hand corner. Such markings will be removed or obliterated only when the item is sold, scrapped, cannibalized, or otherwise disposed of. Should the ID number be removed or defaced, the item shall be marked again with the original number (obtained from the inventory listing).

If the asset is purchased with grant funding, the identification number will reference the grant with an identifying project code. In the case of surplus, the contract needs to be reviewed for compliance issues. In some cases the grant source would need to approve selling or surplus such assets.

F. Procedures

1. Additions

The city may acquire property via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, the department purchasing the item should notify the City Clerk or keep a list for annually updating in the database.

2. Deletions

Assets previously acquired will eventually be disposed of and need to be deleted from the Fixed Asset System. Deletion may be required due to a sale of the asset, scrapping, mysterious disappearance (lost or stolen), or involuntary conversion (fire, flood, etc). Due to the monetary value, assets deleted from the fixed asset system, whatever the reason, will require authorization from both the department head and the Mayor.

The department head controlling the asset is the only one in position to trigger removal from the Fixed Asset records. Removal is accomplished by filling out the disposal section of the Asset Control sheet (Policy 25.8) and obtaining authorizing signatures from the department head and the Mayor, and then forwarding it to the City Clerk's office.

Items disappearing mysteriously may require additional reports to the Sheriff, Mayor, and Insurance Company. Deletions brought about as a result of natural disasters would require reporting to the insurance provider for an eventual reimbursement claim.

3. Transfers

Occasional transfers of property between departments, individuals within a department or funds will occur. The original controlling department /fund is accountable for all assets in its inventory and for initiating a notice of transfer.

Interdepartmental transfers involving a proprietary fund (i.e. Water/Sewer) need to have a transfer of money. The sale price will be fair market value, which may result in a gain or a loss on sale of fixed assets. Interdepartmental transfers or intergovernmental (i.e. city to County or State) do not require the city to declare the item surplus or to do a public notice.

4. Modifications

Larger assets such as major pieces of equipment, water or sewer lines, and many buildings are often modified to increase their lifetime or usefulness. Modifications may include partial additions or deletions, major repairs (new engine for fire truck), or component replacement (new roof, heating system, etc.).

Several vouchers may be prepared for the modification as the work is in progress. Therefore, it is very important to notify the City Clerk's office that modifications are coded as capital outlay and a copy of voucher is given to the City Clerk's office when it is given for payment. The inventory number should be included on the voucher of the equipment; building or other structure reflecting what is being modified.

5. Inventory

The City Clerk's office will distribute a listing of assets, by department/fund, to be used as an inventory worksheet. Inventory teams, consisting of an assigned department employee, will take the worksheets to their assigned areas and locate everything on the list and the results will be reviewed by the department head. Any inventorial items found that are not numbered will be noted and added to the worksheet. All items lacking an identification tag will be tagged if at all feasible. Every two years the Treasurer's office will help with the physical inventory verification with each department during the summer or fall months.

A physical inventory by department/fund will be conducted annually to verify the existence and condition of all items in the fixed asset records. When reconciled, the inventory provides evidence that department heads are meeting their stewardship duty over their assets. An inventory may also help the department's plan for future purchases by identifying unanticipated wear and tear of equipment before the equipment breaks down. Land should note condition and any signs of trespassing violations.

To provide the best possible control, the department heads responsible for assets should not be the ones doing the physical inventory. He or she should assign that to an employee from their staff and obtain an independent person from the Fiscal department. The department head will do a reconciliation of the resulting reports before signing and turning it in to the City Clerk's office.

All land, machinery & equipment, buildings and improvements (i.e. parking lots and athletic fields) with an original value of \$5,000 or more must be inventoried. Department /funds need to inventory other items (less than \$5,000 value) that

are sensitive or attractive (i.e. guns, cameras, chainsaws, etc.) assigned to them in their separate attractive asset listing.

The only items not inventoried are supplies kept on a separate inventory. The controlling department /fund will maintain a separate inventory and it will not be recorded in the city's financial documents. These items will be classified as expenses or expenditures when purchased.

6. Lost Or Stolen Assets

Whenever an item has mysteriously disappeared and all efforts have failed to recover it, the controlling department /fund shall notify the City Clerk via Memo, who will give a copy to the Mayor, file a police report and report to the insurance if necessary, and update the database accordingly.

7. Donated Assets

Assets are sometime donated to the City. If the donation is cash to be used in conjunction with the construction of a specific asset, the donation is reported as revenue in governmental funds; in proprietary funds, such donations are treated as contributed capital.

If the asset donated is other than cash, its estimated fair value must be determined and recorded as contributed capital in a proprietary fund. In governmental funds, the proper treatment of the donation of fixed assets depends upon the government's plans for those assets. If the government intends to retain the fixed assets, they would be recorded directly in the General Fixed Asset Account Group (GFAAG), with no effect on the governmental fund.

8. Miscellaneous

For unusual transactions not specifically addressed with these procedures, the City will follow the BARS manual's guidelines.

G. Identification Numbers

The city's property identification numbers are assigned by the Treasurer's office for uniformity and must be unique to a single property item. Each department /fund should maintain a register of ID numbers that identify assets under their control.

H. Asset Control Sheet

Any time an asset is added, deleted, or transferred, an Asset Control Sheet will be prepared by the department /fund in control of the asset. The form will be attached to the voucher submitted to the Clerk's Office with copies of bid or quote information. A copy of the Asset Control Sheet, voucher, bid or quote information and a copy of the invoice will also be sent to the Treasurer's Office at the same time. The Treasurer will assign an inventory number and notify the controlling department /fund to attach an inventory tag. This tag will be placed on the upper right hand corner if possible.

Section 2. Small and Attractive Assets

A. Policy

It is the policy of the city to maintain accountability over all tangible items that may have the likelihood of disappearing without being noticed. The Departments shall review and update records to be verified by a physical inventory at least once a year and provide such list to the City Clerk for monitoring differences between years.

B. Purpose

A small and attractive items system gathers information allowing investigation of items missing that would otherwise not be noticed. The system should provide adequate stewardship over its resources through control and accountability.

C. General

A small and attractive item is an item that is priced under the \$5,000 criteria for fixed assets and has a life expectancy of more than one year. This item also is not likely to be missed immediately upon disappearance and could be replaced without suspicion during voucher audits. Examples include, but are not limited to: cameras, laptops, mobile public works power equipment, etc. This would not include more permanent fixtures such as desks, tables and shelving and specifically excludes small tools and minor equipment in the public works shop such as shovels, hand tools, supplies, etc.

D. Responsibility Of Department Heads

The City Clerk will prepare a list at least annually of the small and attractive items for distribution and review. The department heads or their designee will need to review, update, delete, and add new items to the list within 30 days of distribution. Typically this review will occur in January of each year. If an item is deleted, the Department Head will note the reason and/or means of disposal. After the adjustments are made the final asset list will be given to the Mayor to sign that it is true and correct.

E. Asset Identification

The list will contain the serial, model, or other identifying information as identified in the spreadsheet. Whenever feasible, each piece of property will be engraved or marked with the city's name. Such markings will be removed or obliterated only when the item is sold, scrapped, cannibalized, or otherwise disposed of.

F. Procedures

1. Additions

The city may acquire property via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, the department purchasing the item should notify the City Clerk or keep a list for annually updating in the database.

2. Deletions

Items previously acquired will eventually be disposed of and need to be deleted from the department's list. Deletion may be required due to a sale of the asset, scrapping, mysterious disappearance (lost or stolen), or involuntary conversion (fire, flood, etc). The department head controlling the item is the only one in position to trigger removal from their list. Items disappearing mysteriously may require additional reports to the Sheriff, Mayor, and Insurance Company. Deletions brought about as a result of natural disasters would require reporting to the insurance provider for an eventual reimbursement claim.

3. Transfers

Occasional transfers of property between departments, individuals within a department or funds will occur. The original controlling department /fund is accountable for all assets in its inventory and for initiating a notice of transfer.

Interdepartmental transfers involving a proprietary fund (i.e. Water/Sewer) need to have a transfer of money. The sale price will be fair market value, which may result in a gain or a loss on sale of fixed assets. Interdepartmental transfers or intergovernmental (i.e. city to County or State) do not require the city to declare the item surplus or to do a public notice.

4. Lost Or Stolen Assets

Whenever an item has mysteriously disappeared and all efforts have failed to recover it, the controlling department /fund shall notify the City Clerk via Memo, who will give a copy to the Mayor, file a police report and report to the insurance if necessary, and update the database accordingly.

5. Donated Assets

Assets are sometimes donated to the City and should be added to the list of small and attractive assets if valued under \$5,000. If the donation is cash to be used in conjunction with the construction of a specific asset, the donation is reported as revenue in governmental funds; in proprietary funds, such donations are treated as contributed capital.

Section 3. The Mayor is hereby authorized and directed to institute such administrative policies and practices as necessary and appropriate to fully affect this policy.

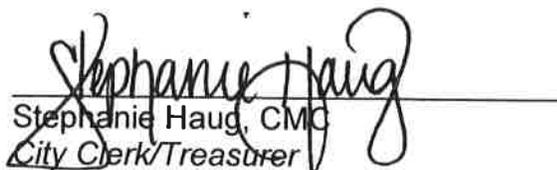
PASSED this 21 day of May, 2013, by the City Council of the City of Benton City, Washington, and signed in authentication of its passage this 21 day of May, 2013.

Resolution 2013-11 filed and recorded in the office of the City Clerk of the City of Benton City, Washington, this 21 day of May, 2013.



Lloyd R. Carnahan
Mayor

Attest:



Stephanie Haug, CMC
City Clerk/Treasurer

Approved as to Form:



Kerr Law Group
City Attorney