

## CITY OF EPHRATA PERSONNEL POLICY

### NO 4020

#### **FIXED ASSETS**

##### 1.0 PURPOSE:

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

##### 2.0 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.

##### 2.1 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 under \$5,000 will be maintained by each department and will be governed by a separate policy.

##### 2.2 RESPONSIBILITY OF DEPARTMENT HEADS

Each department head, or their designee, will notify the Finance office of any additions, deletions, interdepartmental transfers, modifications, or leases of property. Any deletions from inventory should include items that were scrapped, cannibalized, disappeared mysteriously or damaged beyond salvage. Annually, by January 31<sup>st</sup>, the Finance office will supply department heads with a preliminary worksheet of assets as of December 31<sup>st</sup> of the prior year. The City Administrator will assign an inventory team to conduct a random physical inventory of assets to verify the validity of the inventory list. The Finance office will ensure the appropriate changes are made to the department's fixed asset records and distribute a final asset list to the department heads which they will sign off as true and correct.

##### 2.3 ASSET IDENTIFICATION

All inventoriable property will be assigned a unique City identification number by the Finance office. The assigned number will follow the asset throughout the life in the City's fixed asset system. Whenever feasible, each piece of property will be tagged or marked with the city identification number. 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.

If the asset is purchased with grant funding, the contract would need to be reviewed for compliance issues in regards to selling or surplusizing such asset. It will be noted on the asset system the grant funding source.

### 3.0 PROCEDURES

#### 3.1 ADDITIONS

The City may acquire property via purchase, construction, donation or lease. When the property is received, the department head will send a completed Asset Control Form (attached exhibit A) to the Finance office at the same time they submit invoice for payment. The Finance office will assign and notify the department head of the Asset ID Number. The department head will mark or tag the item. The Finance office will input from the Asset Control Form into the fixed asset system.

#### 3.2 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 sale, 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 City Administrator.

To remove an asset, the department head will fill out a Disposal/Transfer Information Form (attached exhibit B) to be authorized by the department head and the City Administrator and forwarded to the Finance office. If the value of the asset is estimated to be greater than \$5,000 or is a licensed vehicle, Council action is required to surplus the item for sale, scrapping or donation to a governmental agency.

Items disappearing mysteriously may require additional reports to the police department, City Administrator and insurance provider. Deletions brought about as a result of natural disaster would require reporting to the insurance provider for an eventual reimbursement claim.

#### 3.3 TRANSFERS

Occasional transfers of property between departments will occur. The original controlling department is accountable for initiating a notice of transfer by completing the Disposal/Transfer Information Form and filing it with the Finance office so that the asset will be assigned to the correct department. The receiving department head will from then on be responsible for the asset.

#### 3.4 MODIFICATIONS

Larger assets such as major pieces of equipment or buildings are often modified to increase their useful life. Modifications may include partial additions, major repairs (new engine), or component replacement (new roof, heating system, etc.). The cost of these

modifications would be added to the value of the asset. An Asset Control Form is to be filled out and forwarded to the Finance office in order to add this value to the asset.

### 3.5 INVENTORY

The Finance office will distribute a listing of assets by department to be used as an inventory worksheet. Annually inventory teams, as assigned by the City Administrator, will conduct a random inventory of all assets to verify existence and condition of assets. Any items found that are not on the list will be added. Those items missing identification tags will be tagged appropriately. The department head will review and verify accuracy of the list once inventory has been completed.

### 3.6 LOST OR STOLEN ASSETS

Whenever an asset has mysteriously disappeared and all efforts have failed to recover it, the controlling department head shall file a report with the Police Department and the City Administrator. Ninety days after such notification, if the asset has not been recovered, the department head is to fill out a Disposal/Transfer Information Form and submit it to the Finance department for removal from the fixed assets inventory.