

CITY OF TUMWATER
POLICY MANUAL – PART 2: OPERATING POLICIES

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ASSETS

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9.01 Purpose

It is the policy of the City to maintain accountability over all tangible items to ensure legal and contractual compliance (e.g., items acquired through grant contracts), to protect public safety and avoid potential liability (e.g., police weapons), to compensate for a heightened risk of theft ('walk-away' items), or because they are easily transportable and readily marketable or readily diverted to personal use (e.g., telephones, cameras, other electronic equipment or tools of the trade).

9.02 Reference

Washington State Auditors Office's, *Budgeting and Reporting System* (BARS) Volume 1, Part 3, Chapter 7, and the Government Finance Officer's Association's recommended practices - "*Establishing appropriate capitalization thresholds for tangible capital assets*", and "*The Need for Periodic Inventories of Tangible Capital Assets*".

9.03 Definitions

9.03.01 Assets - All land, buildings, improvements, works of art and historic collections and equipment purchased, donated, or acquired through a grant to the City and with a life expectancy of more than one year.

9.03.02 At-risk – Perceived to be appealing to someone to take because the item is easily removed from the City's possession, readily sold, or kept for personal enjoyment.

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9.03 Definitions

9.03.03 Attractive Assets – Items with a value below the capital asset threshold of \$5,000. Attractive assets may include such items as: electronic devices, including radios, cellular phones, “smartphones” or “Nextel” type phones; computers, laptops and printers not owned by the Equipment Rental Fund; computer peripherals, such as Personal Data Assistants (PDA) or labelmakers; appliances (televisions, video/audio playback or recording equipment), filing systems or cabinets not attached to the building; weapons; rescue equipment; and any other items deemed by the Department Manager to be at-risk. Attractive assets are not to include items that are equipment for the purpose of accomplishing tasks that are very small in nature or of minimal monetary value, like shovels, wrenches, hammers, staplers, etc. In addition, do not include items that are consumed or used up, such as fertilizer, driving range balls, toner cartridges, etc.

9.03.04 Capital Assets - Also known as Fixed Assets.

9.03.05 Control - Being in charge of, and having the authority to manage the asset. Having the custodial responsibility of the asset that includes, but is not limited to the proper care, keeping, safekeeping and protecting the asset.

9.03.06 Fixed Asset - Land of any value, buildings, improvements other than buildings, artwork and historic collections of any value, or any piece of equipment that is purchased or gifted to the City with a value of \$5,000 or more and has a useful life of two or more years from the date of acquisition.

9.04 Policy

It is the policy of the City to control all assets whether fixed, capital, or attractive. The control shall meet the standards of governmental accounting principles, which are recommended by the Washington State Auditor’s Office and further will meet the recommended practices of the Government Finance Officer’s Association.

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9.05 Procedures

- 9.05.01 Where practical, all fixed assets and attractive assets that can be labeled shall have an identifying mark stating the fixed asset is the property of the City of Tumwater. Numerically assigned labels will be supplied by the Finance Department for all assets. When labeling is not possible due to the nature of the asset (e.g., weapons), or labeling could hinder the operation of the asset (e.g., lubricants undermining label adhesive), serial numbers or other identifying record must be supplied. When labels cannot be attached to the asset, the label reserved for that asset will be retained by the Finance Department and kept with the record of the asset.
- 9.05.02 All fixed assets or attractive assets will be recorded and tracked in a database(s) managed by the Finance Department.
- 9.05.03 When a fixed asset or attractive asset is relocated to another department, the department relinquishing the item shall inform the Finance Department.
- 9.05.04 Fixed assets and attractive assets cannot be traded, sold, auctioned, gifted, surplus, or junked without authorization from the Finance Department under policies specifying the surplus of property.
- 9.05.05 Annually, each department will receive inventory listings of all fixed assets and attractive assets under their control. At that time each department is to update the inventory listings and return them to the Finance Department. All discrepancies shall be reported and explained. A designee from the Finance Department will be assigned to assist departments in scheduling and reporting.

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9.05.06 Verification of the existence of fixed assets shall be done annually by the Finance Department on a sampling basis by performing a physical inspection confirming the existence and location of the selected items. Verification of the existence of attractive assets shall be done annually in a similar manner. Maintaining control of all assets and accurate reporting is the responsibility of the Department Manager of the department where the assets are assigned.

9.05.07 In the event of loss due to theft, damage, cannibalizing for use on another asset, or loss by any other means, the following steps for reporting shall be followed:

1. The individual deemed to be primarily responsible for the asset and the individual's supervisor complete an Incident/Accident form describing the asset by number and description, the background that lead to the discovery, and the steps taken to locate the asset. The form is to be turned in to the Finance Department.
2. If deemed appropriate, the Finance Department shall contact the State Auditor's Office to report the loss of property in accordance with RCW 43.09.185.
3. The Finance Department shall note the loss of the asset in the tracking database so it will no longer be listed on the official inventory. The records will be maintained per the records retention schedules but at least until after the next annual audit.
4. In the event a capitalized fixed asset has being removed, the proper accounting for the loss will be entered into the accounting system to report the financial impact and the incident form used for documentation of the entry.

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9.05.08 Fixed assets shall be capitalized and purchased from a capital outlay (60's) BARS object of either: 61 – land; 62 – buildings; 63 – other improvements; - 64 – machinery & equipment. Prior to purchase of fixed assets, budgetary approval is required. Fixed assets shall be depreciated in accordance with guidelines set forth in the BARS manual.

9.05.09 Attractive assets shall be expensed and purchased from either a “Small Tools and Equipment” (35) object line or “Other Operating Expenses” (33) object line.

9.06 Transition

As of the date of the adoption of this revision (2011), based on the age and minimal value and attraction of existing furnishings; unattached desks, tables, and chairs that were acquired with construction funds, shall not be subject to the definition of attractive assets and are not included in the list of assets.