

**CITY OF MONROE  
RESOLUTION NO. 026/2014**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MONROE, WASHINGTON, AMENDING THE CITY'S FIXED  
ASSETS POLICY AND ADOPTING A SMALL ITEMS  
POLICY FOR ACCOUNTING AND TRACKING  
PROCEDURES

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WHEREAS, the City has a significant investment in fixed assets such as land, land improvements, building, machinery, vehicles and equipment; and

WHEREAS, the State Auditor's Office recommends government entities adopt policies for tracking and safeguarding these assets and other small items that are likely theft-sensitive; and

WHEREAS, the City Council of the City of Monroe previously adopted a Fixed Assets Policy under Resolution No. 2008/018; and

WHEREAS, the City Council wishes to amend the City's Fixed Assets Policy and to adopt a Small Items Policy, utilizing a template that has been previously endorsed by the State Auditor's Office.

NOW, THEREFORE; IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONROE AS FOLLOWS:

Section 1. Amendment of Fixed Asset Policy. The Fixed Asset Policy adopted pursuant to Resolution No. 2008/018 is hereby amended to provide in its entirety as contained in Exhibit A, attached hereto and incorporated herein by this reference as if set forth in full.

Section 2. Adoption of Small Items Policy. The Small Items Policy is hereby adopted in its entirety as contained in Exhibit B, attached hereto and incorporated herein by this reference as if set forth in full.

Section 3. Effective Date. This resolution shall take effect immediately upon passage.

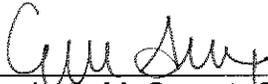
ADOPTED by the City Council of the City of Monroe, at its regular meeting thereof, and APPROVED by the Mayor this 16th day of December, 2014.

CITY OF MONROE, WASHINGTON

  
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Geoffrey Thomas, Mayor

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Elizabeth M. Smoot, CMC, City Clerk

**CITY OF MONROE**  
**FIXED ASSETS**  
**POLICY & PROCEDURES**

The following policy 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. The provisions of this policy are supplemental and additional to any other applicable requirement regarding the maintenance, acquisition, use or disposition of City property that may be imposed by code, ordinance, regulation, statute, policy and/or other means.

**I. 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 Finance Director or his/her designee 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.

**A. PURPOSE**

A fixed asset inventory system gathers information allowing preparation of financial reports for public and managerial purposes. The system should provide adequate stewardship over its resources through control and accountability of the fixed assets.

**B. 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 the Finance Department's fixed asset data base and will be governed by a separate policy.

**C. RESPONSIBILITY OF DEPARTMENT HEADS**

The Finance Director or his/her designee will establish a fixed assets system and prepare guidelines for the annual inventory. By March 31<sup>st</sup> of each year the Finance Department will supply department heads or their designee with a preliminary worksheet of assets as of December 31<sup>st</sup> of the prior year. Department heads or their designee shall assign inventory teams to conduct a physical inventory of all assets that will be reviewed by the supervisor to test its validity.

Each department/fund will notify the Finance Department of any additions, deletions, interdepartmental transfers, modifications, or leases or property that is not reflected on the preliminary list. Deletions from the inventory should include

items that were scrapped, cannibalized, disappeared mysteriously, or damaged beyond salvage. The Finance Director or his/her designee will ensure the appropriate changes are made to the department's/fund's fixed asset records. After the adjustments are made the final asset list will be given to the Department Head to sign that it is true and correct.

#### D. ASSET IDENTIFICATION

All inventoriable property will be assigned a unique city identification number by the Finance Department. 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 surplusing, the contract needs to be reviewed for compliance issues. In some cases the grant source would need to approve selling or surplusing such assets.

## II. PROCEDURES

### A. ADDITIONS

The city may acquire property via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, the purchasing department/fund will send a copy of the invoice and completed asset control sheet to the Finance Department at the same time they submit the invoice for payment. The Finance Department will immediately assign and notify the department/fund of the inventory control number. The department/fund will immediately tag the item. The Finance Department will input the information from the asset control sheet to the fixed asset system on the computer.

### B. 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 the Department Head or their designee.

The Department Head controlling the asset, or their designee, 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,

and obtaining authorizing signatures from the Department Head or their designee, and then forwarding it to the Finance Department.

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

#### C. 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 need to have a transfer of money. The sale price will be fair market value, which may result in a gain or 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.

#### D. 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 vactor truck), or component replacement (new roof, heating system, etc.).

Several invoices may be processed for the modification as the work is in progress. Therefore, it is very important to notify the Finance Department. Modifications are coded as capital outlay and the inventory number of the equipment, building or other structure should be included on the invoice reflecting what is being modified.

#### E. INVENTORY

The Finance Department 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 or their designee. 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.

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 of 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. The Department Head or their designee will do a reconciliation of the resulting reports before signing and turning it in to the Finance Department.

All land, machinery & equipment, buildings and improvements (i.e. parking lots and athletic fields) with an original value of \$45,000 or more must be inventoried. Department/funds need to inventory other items (less than \$45,000 value) that are sensitive or attractive (i.e. guns, cameras, chainsaws, etc.) assigned to them in their separate attractive asset listing.

#### F. LOST OR STOLEN ASSETS

Whenever an item in the Fixed Assets System has mysteriously disappeared and all efforts have failed to recover it, the controlling department/fund shall notify the Finance Department, who will give a copy to the City Administrator and Police. Ninety days after notification, if the item hasn't been found, the department/fund will send an Asset Control form to the Finance Department so they may remove the asset from the asset inventory. Copies of the report will be sent to the City Administrator and Department Head.

#### G. DONATED ASSETS

Assets are sometimes 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 (account 367 contribution and donation from private sources) 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.

#### H. MISCELLANEOUS

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

CITY OF MONROE  
SMALL & ATTRACTIVE ITEMS  
POLICY & PROCEDURES

The following policy and procedures documents a small and theft-sensitive items system designed to ensure controls over items that might not be noticed immediately after their disappearance. The intent of this policy is to obtain accountability over items that do not meet the criteria of a fixed asset and would NOT be noticed immediately upon disappearance or replacement. The provisions of this policy are supplemental and additional to any other applicable requirement regarding the maintenance, acquisition, use or disposition of City property that may be imposed by code, ordinance, regulation, statute, policy and/or other means.

I. 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 maintain records to be verified by a physical inventory at least once a year and provide such list to the Finance Department for monitoring differences between years.

PURPOSE

A small and theft-sensitive 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.

A. GENERAL

A small and theft-sensitive item is an item that is priced over \$500, and 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 inventory audits. Examples include, but are not limited to: weed eaters, chain saws, etc. Laptop computers, cell phones, digital cameras, and guns shall be tracked per this policy, even if they are below the \$500 threshold.

B. RESPONSIBILITY OF DEPARTMENT HEADS

Each Department Head or their designee will prepare a list at least annually of their small and theft-sensitive items. This list will be provided to the Finance Department by May 1<sup>st</sup> each year for monitoring.

If an item is deleted, the Department Head or their designee will note the reason and/or means of disposal.

### C. ASSET IDENTIFICATION

The list will contain the serial number, model number, or other identifying information.

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.

## II. PROCEDURES

### A. ADDITIONS

The city may acquire property via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, the purchasing department/fund will add it to their small & theft-sensitive data base listing and mark the items with the city's name (these items should be coded as object code 35 according to the BARS manual).

### B. 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 or their designee is the only one in position to trigger removal from their list.

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

### C. TRANSFERS

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

Interdepartmental transfers need to have a transfer of money. The sale price will be fair market value. Interdepartmental transfers or intergovernmental (i.e. city of County or State) do not require the city to declare the item surplus or to do a public notice.

### D. LOST OR STOLEN ITEMS

Whenever an item has mysteriously disappeared and all efforts have failed to recover it, the controlling department/fund shall notify the Finance Department, who will give a copy to the City Administrator and the Police Chief. Ninety days after notification, if the item hasn't been found, the Finance Department will deem the item as lost or stolen. A report of the lost

or stolen items will be delivered to Department Heads, City Administrator and the Police Chief not less than annually.

**E. DONATED ITEMS**

Items are sometimes donated to the City. If the donation is cash to be used in conjunction with the acquisition or construction of a specific small & attractive item, the donation is reported as revenue (account 367 contributions and donations from private sources) in governmental funds; in proprietary funds, such donations are treated as contributed capital.