

Adopted by City Council on 4/14/2014

CITY OF BARRE

FIXED ASSETS PROCEDURES

PURPOSE

This policy and procedure established guidelines for the process for ensuring that purchase, inventorying and disposal of fixed assets are supported by adequate documentation, oversight and approvals.

PERSON AFFECTED

City Manager, City Clerk/Treasurer, Department Heads, Senior Accounting Clerk

POLICY & PROCEDURES Acquisition/Addition of Fixed Assets

The City follows the same basic procurement policies and procedures for the purchase of equipment and other fixed assets as it does for the purchase of any other goods or services. The Accounting Department is responsible for recording all newly acquired fixed assets into the NEMRC Fixed Asset System. Upon receipt of a new fixed asset, the custodian completes a Fixed Asset Form. The form is reviewed and approved by the appropriate department head, and a copy of the invoice for the item(s) is attached to the form. The department head turns into the Accounting Department. The Accounting Department compares the form to the original invoice, which has been approved by the department head and the city manager.

Following receipt of the form, the Accounting Department enters the information contained on the form into the NEMRC Fixed Asset System:

- | | |
|--------------------------------|--------------------------|
| • Fixed Asset System includes: | • Date in service |
| • Item description | • Cost |
| • Quantity | • Replacement |
| • Manufacturer | value |
| • Model & serial # | • New or used |
| • Ownership/title holder | • Warranty |
| • User (department) | • Insured by |
| • Location of property | • YTD depreciation |
| • Date purchased | • Current value of asset |

If the asset is purchased with federal funds, the following additional data is entered into the NEMRC Fixed Asset system:

- Funding source
- Grant name/number
- Expense account number
- Percentage of federal participation in cost of property (if less than 100%)

Federally purchased items are listed as FED GRANT in the category field in the NEMRC Fixed Assets system so as to allow specific reports to be run, containing all such assets.

On a regular basis, the Accounting Department updates the NEMRC Fixed Asset System module, updating each asset's listing to include the following (as necessary):

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- YTD depreciation
- Prior year depreciation
- Depreciation deductions
- Condition and use
- Current value of asset
- Continuing tracking of federal purchases

Tagging

Asset identification tags are affixed to each City asset unless it is not physically practicable. Each department is responsible to tag newly acquired assets or retag assets. During the tagging process, the description of the asset is verified and logged, along with additional information such as serial number, model number and location. This information is entered in the NEMRC fixed asset module. Assets purchased with City funds are identified by a City of Barre "asset tag" affixed to it.

Any fixed asset purchased with federal funds has a City of Barre-Federal Funds tag affixed to it, in compliance with Federal regulations. Assets may also be engraved. Assets that do not have tags or are not engraved are identified as such in the NEMRC fixed asset module.

Disposal of Fixed Assets

Fixed asset custodians are responsible for safeguarding all equipment and other fixed assets assigned to their department, including items no longer needed, and the items have been removed through disposal or sale. Custodians are responsible for reporting any disposals of assets to the Accounting Department, which will update the listing in the NEMRC fixed asset module within five days of disposal. Upon disposal of an asset, custodians submit an updated Fixed Assets

Form to the appropriate supervisor for review and approval. The supervisor attaches copies of support documentation of the disposal, such as receipts, Invoices, bills of sale, salvage receipts, etc., signs the form to indicate his/her approval, and turns the form over to the Accounting Department. The Accounting Department used the form and support materials to update the NEMRC Fixed Assets System.

The form documents the following information:

- Date sold/retired
- Sale price/salvage value

Stolen assets-The custodian is responsible for contacting Barre City Police and retaining a copy of the police report. A copy of the police report must be given to the Accounting Office. When recording the disposal of the stolen asset in NEMRC, you must include the police report number in the reference field of the disposal form. A copy of the police report is also given to the City Manager's office for insurance purposes.

Assets destroyed-loss due to fire, flood, etc. must be reported to the Accounting Office as soon as practicable so it can be recorded in the NEMRC fixed asset module. It must also be reported to the City Manager's office for insurance purposes.

Depreciation of Fixed Assets

The City uses the straight-line method of depreciation for all depreciable fixed assets (land and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year of acquisition. The useful lives are subject to modification, and will be reviewed annually by

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the Accounting Office and changes made if deemed necessary.

Fixed Asset System

The City Manager, working in conjunction with the Accounting Department, is responsible for the coordination, development, and implementation of the policies and procedures that comprise the City-wide fixed asset system. This system facilitates good business practices and internal controls over the acquisition, disposal and inventory information of the City's fixed assets. Responsibility for maintaining the integrity of the asset data in the system lies with each department head.

The NEMRC fixed asset module is the software used to record and track fixed assets and provides management with the information to effectively manage and control its fixed assets. This system is the City's official system of record for fixed assets, and it contains all demographic information about fixed assets (including tag number, location, condition, cost, model number, serial number, etc.) their acquisition, disposal, and date of physical inventories. The NEMRC fixed asset system enables the City to comply with federal and state regulations and meet regulatory or audit reporting requirements. Updating the fixed asset system on a timely basis to record changes in the operational status, location, or demographic information about fixed assets is the responsibility of the Accounting Department.

Ownership of Fixed Assets

All fixed assets (land, buildings, fixed and moveable equipment, and infrastructure) are owned by the City of Barre and **not** by a specific individual, department or other operating unit.

Generally, the City of Barre has sole ownership of all equipment acquired regardless of source of funding or method of acquisition with the following exception:

Equipment acquired through sponsored projects where the federal government or other sponsor retains title to the equipment or where the sponsor furnishes equipment merely for the duration of the project.

Inventory of Fixed Assets

The NEMRC Fixed Assets System allows for the production of various reports, including an Asset Report, which can be specialized based on specific criteria, such as:

- Location of asset.
- Category of asset.
- Department under which asset is kept/used/controlled.
- Whether the asset was purchased with federal funds (indicated in the "category" field)

See attached example of an Asset Report for federally funded purchases.

Department heads are responsible for conducting an annual inventory of assets in their department. Annually, the Accounting Department provides each department with a NEMRC list of the fixed assets in their department. The department head reviews the fixed assets list to ensure that the information regarding the asset is correct and updated in the NEMRC fixed asset system to reflect and changes or corrections. The accounting department requires custodians to sign a "Certification of Completion" indicating the date that the annual inventory

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is completed. The City Manager is responsible for reviewing the inventory and certifying on the same form that the inventory was conducted according to City policies and procedures, and that it is accurate. The Fixed Assets inventory report will be reviewed annually by each department head and any discrepancies reported to the Accounting Department for review and correction.

Internal Controls

Fixed assets are only to be purchased in accordance with City policy.

On acquisition:

- (a) assets are to be added to the fixed assets register;
- (b) useful life of the individual asset is to be estimated; (c) basis of depreciation is to be decided;
- (c) rate of depreciation is to be calculated;
- (d) asset is depreciated from date first used or held ready for use;
- (e) above details to be documented in asset register;

On disposal:

- (a) asset is to be depreciated to date of disposal;
- (b) accumulated depreciation and cost of the asset are to be written back in the general ledger and removed from the fixed asset register;
- (c) profit/loss on disposal is to be calculated. This calculation should be prepared or authorized by the City Manager.

Fixed Assets Registers are to be maintained for all assets controlled by the City, identifying significant asset components. Wherever possible assets should be recorded as separate items in the registers. A physical count of all fixed assets per the fixed register is to be undertaken biannually. All discrepancies are to be investigated and the condition of the assets noted. Registers are to be reviewed annually, noting items not included on the register, and items included in fixed assets which have been sold or scrapped.

Authorization from the City Manager is to be obtained before any items are deleted from the registers (due to sale or scrapping).

Fixed Assets Register should be reviewed annually to consider:

- (a) carrying value of assets;
- (b) existence of assets;
- (c) condition of assets;
- (d) relevance of current depreciation rates given the condition of the assets.

DEPARTMENT 6040 FIRE

GROUP 0313 EQUIPMENT

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=====
Tag Number      6040-0104      Description: KOHLER GENERATOR 8.5 KW
Manufacturer: KOHLER      Model      : 8.5 KW
Serial:              User      : FIRE DEPT
Purchased   : 01/14/2013      In-Service: 01/14/2013      Sold           / /
Dept: 6040 FIRE      Group: 0313 EQUIPMENT
Category: FED GRANT
Serial:
Retire          / /      Warranty      / /      Service       / /
Quantity        1      New/Used      New           Insured By: Y
Co t: 6,237.00      Salv: 0.00      Repl: 0.00      Sold: 0.00
YTD depreciation: 311.88      Prior year depreciation: 0.00
Depreciation deductions: 0.00      Current value of asset: 5,925.12
Location:
Code:
FED PURCHA:

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***** Notes *****
GENERATOR FOR FIRE REPEATER RADIO PURCHASED
1/14/13 FROM RINKERS COMMUNICATION.
GRANT EXPENSE NUMBER 048-7000-320-0755

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Tag Number      : 6040-0105      Description: FIRE REPEATER STATION
Manufacturer: CONVENTIONAL MASTER 111      Model      : VHF AND UHF
Serial: 380997 AND 9878857      User      : FIRE DEPT
Purchased   : 05/17/2013      In-Service: 05/28/2013      Sold           / /
Dept: 6040 FIRE      Group: 0313 EQUIPMENT
Category: FED GRANT
Serial: 380997 AND 9878857      User      FIRE DEPT
Retire          / /      Warranty      / /      Service       / /
Quantity        : 1      New/Used      New           Insured By: Y
Cost: 23,655.25      Salv: 0.00      Repl: 0.00      Sold: 0.00
YTD depreciation: 394.26      Prior year depreciation: 0.00
Depreciation deductions: 0.00      Current value of asset: 23,260.99
Location:
Code:
FED PURCHA:

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***** Notes *****
GRANT-FIRE RADIO GRANT
048-7000-320-0755-21,655.25
City portion 050-5100-1200191-2,000.00

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DEPARTMENT 6050 POLICE

GROUP 0313 EQUIPMENT

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Tag Number      6050-0084      Description: LICENSE PLATE READER-2013
Manufacturer:    Model      : MPH-900 MS3 THREE CAMERA
Serial:         User       : POLICE
Purchased   : 05/09/2013      In-Service: 05/09/2013      Sold           / /
Dept: 6050 POLICE      Group: 0313 EQUIPMENT
Category: FED GRANT
Serial:         User       POLICE
Retire         / /           Warranty      / /           Service       / /
Quantity      1           New/Used     New           Insured By: Y
Cost: 26,000.00      Salv: 0.00   Repl: 0.00   Sold: 0.00
YTD depreciation: 541.68      Prior year depreciation: 0.00
Depreciation deductions: 0.00      Current value of asset: 25,458.32
Location:         Category:
Code:             Department:
FED PURCHA:

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***** Notes *****
  ELSAG NORTH AMERICAN INVOICE-CK102206
  FEDERAL GRANT-LICENSE PLATE READER
  ACCT-048-7000-320-0756

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DEPARTMENT 8050 STREETS

GROUP 0313 EQUIPMENT

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Tag Number      8 050-0071      Des cription: 15 RADIOS WITH DES KTOP STATION-STS
Manufacturer:    DESKTOP-HARRIS      Model      : VERTEX RADIOS
Serial:         User       : STREET
Purchased   : 08/06/2012      In-Service: 08/06/2012      Sold           / /
Dept: 8050 STREETS      Group: 0313 EQUIPMENT
Category: FED GRANT
Serial:         User       STREET
Retire         / /           Warranty      / /           Service       / /
Quantity      15           New/Used     New           Insured By: Y
Cost: 14,595.20      Salv: 0.00   Repl: 0.00   Sold: 0.00
YTD depreciation: 1,337.93      Prior year depreciation: 0.00
Depreciation deductions: 0.00      Current value of asset: 13,257.27
Location:         Category:
Code:             Department:
FED PURCHA:

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City of Barre Fixed Assets
Fixed Asset Report
For all asset tags Category FED GRANT

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***** Notes *****
PUBLIC WORKS FEDERAL GRANT 02140-79152-522
HARRIS DESKTOP WITH 15 VERTEX RADIOS
ACCT NUMBER 048-8000-490-1355
