

CITY OF COSMOPOLIS

SMALL & ATTRACTIVE ASSET POLICY

The following policies and procedures document a small and attractive system designed to ensure controls over items that might not be noticed immediately after their disappearance.

PURPOSE

The intent of this policy is to obtain accountability over items that do not meet the criteria of a fixed asset. It is the policy of the City to maintain accountability of 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 lists to the Finance Director for monitoring differences.

1. A small and attractive asset system gathers information allowing investigation of items missing that would otherwise not be noticed.
2. Small and attractive assets are defined as easily moveable, desirable items with a unit cost of \$300 to \$4,999.99 and have a life expectancy of more than one year or any item as requested by the City Administrator or Mayor.

RESPONSIBILITY OF DEPARTMENT HEADS

Each department head will prepare an annual list of their small and attractive assets. This list will be provided to the Finance Director by January 31st of each year.

Each department head will notify the Finance Director of any additions, deletions, transfers, or modifications. Deletions from inventory should include items that were scrapped, disappeared, stolen, or damaged beyond salvage.

After adjustments are made, the final list will be signed by the Department Head and City Administrator.

ASSET IDENTIFICATION

The Asset listing will contain the serial number, model number and other identifying information. All assets will be assigned a unique identification number. The City's asset identification numbers are assigned by the Finance department for uniformity.

PROCEDURES

ADDITIONS

When an asset is acquired, the item will be added to the Small and Attractive list and given an identification number. The Department Head purchasing the asset should notify the Finance Director in order to update the database.

DELETIONS

Deletions 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 police department, City Administrator, 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.

TRANSFERS

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

Interdepartmental transfers involving a proprietary fund (i.e. Water/Sewer, Stormwater, etc.) 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 an asset.

Interdepartmental transfers or intergovernmental transfers do not require the city to declare the item surplus or to do a public notice. All transfers require Council approval.

LOST OR STOLEN ASSETS

When an item has mysteriously disappeared and all efforts have failed to recover it, the controlling department shall notify the Finance Director by email. The Finance Director will send a copy to the City Administrator and Mayor, file a police report, and report it to the insurance company if necessary. The asset database will be updated accordingly.

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. **Donations to Fire Dept.**

SALE AND DISPOSAL OF ASSETS

The sale of surplus assets is to be approved by the City Council.

INVENTORY

The Finance Department will distribute a list of assets, by department to be used as an inventory worksheet. To provide the best possible controls, the department heads responsible for the assets should not be the ones doing the physical inventory. They should assign an employee from their staff or obtain an independent person from the Finance Department. The Department Head will do a reconciliation of the reports before signing and turning it in to the Finance Director. The City Administrator will randomly verify each department's asset listing.

Assets not included in the inventory sheet but physically located will be assigned a City identification number by the Finance Department and will be added to the inventory sheets. All items lacking an identification tag will be tagged.

All items (less than \$5,000 value) that are sensitive or attractive will be listed separately from all land, machinery and equipment, buildings and improvements with an original value of \$5,000.

Departments will inventory these items with a value of \$5,000 or more on a separate inventory sheet to be tracked as part of the Fixed Asset Policy and Procedures.