

**CITY OF TOMBALL
ADMINISTRATIVE POLICIES, RULES AND PROCEDURES**

SUBJECT

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PAGE 1 OF 50

**GENERAL FIXED ASSET
POLICY AND PROCEDURES**

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Attached is the General Fixed Asset Policy and Procedures Manual.

CITY OF TOMBALL

GENERAL FIXED ASSET

POLICY AND PROCEDURES MANUAL

*Finance Department
November 2002*

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CHAPTER 1.

OVERVIEW

OVERVIEW

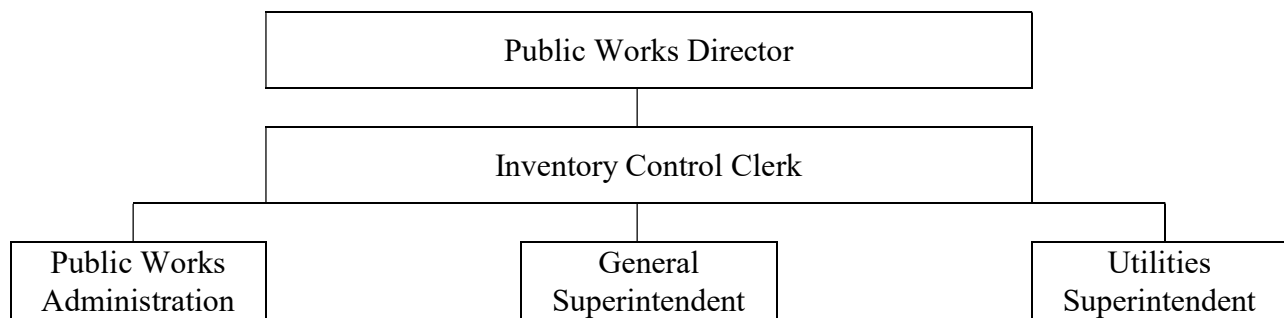
Goal: The goal in preparing this manual is to define and describe a set of standard procedures and policies to record and control changes in the fixed asset system in accordance with generally accepted accounting principles and to define a system of communication that coupled with cooperation between departments allows for effective control of assets entrusted to the City Staff.

Fixed Asset System: The City's fixed asset system is defined as a collection of the relevant information on assets owned, including the procedures used to report the data, the defined responsibilities of those participating in administering the system, the paper work and forms used in reporting the additions, deletions, transfers and changes, and the various reports generated from the input of the above data. A centralized listing of capital assets is maintained in the Finance Department. Adjustments to the records are recorded when supporting documentation is received from the originating departments with the appropriate authorization signatures. Assets are categorized by type. Controlled assets are required to be maintained in the centralized system.

Controlled Property: Assets maintained in the City's asset system consist of property that meets the capitalization criteria and certain other assets that are highly mobile and susceptible to loss or theft.

Capitalization Policy: The capitalization policy determines at what level the City will classify assets for inclusion into the fixed asset system as a capital asset. The criteria for capitalizing an asset is determined by two factors: 1) the cost of the asset, and 2) its useful life. Assets with a useful life greater than 3 years with a cost equal to or greater than \$~~2050~~,000.00 and that are not considered to be maintenance items are capitalized by the City of Tomball. Assets are capitalized in their respective funds.

Custody and Accountability: A clear definition of who has the authority, accountability and responsibility for maintenance of the property issued to the various departments is outlined by each department (see departmental charts). The Accounting Supervisor will act as liaison for the Finance Department. **RESPONSIBILITY AND ACCOUNTABILITY FOR ASSETS REST WITH EACH DEPARTMENT HEAD.** Within each of the four departments there is one person assigned to act as a Liaison with the Finance Department. The Department Head is responsible for all property purchased for, assigned to or otherwise provided to his/her department. The person within the department designated by the Department Head to be responsible for the custody and control of property is the Property Manager. A department may have more than one Property Manager. Each department shall have a clearly defined structure. An example may be as follows:



Personal Property of Employees: Each department shall include in their departmental policies, a statement of policy relating to personal property owned by City employees and is used in their work or located on City premises. The City does not assume any responsibility for loss or damage to personal property. Personal property is not covered by City insurance.

Physical Inventories

The objectives of a physical inventory are to ensure the fixed assets recorded in the system physically exist, to determine whether unrecorded or improperly recorded transactions have occurred, and to identify any excess, defective, or obsolete assets on hand. An effective periodic inventory results in an accurate accounting of fixed assets and indicates the reliability of the accountability system for the acquisition, use and disposal of fixed assets.

Frequency and Type of Inventories: Not less than annually, the Finance Department will provide to each department a current fixed asset listing. An inventory of the listed property shall be conducted and discrepancies resolved. The listing shall be signed by the Department Head verifying the property on hand. Once completed, the original signed copy of the asset listing and any corrections are to be returned to the Finance Department. The Finance department will enter the changes and return a corrected listing to the department.

Periodically the Finance Department will conduct physical inventories. Particular categories of items may be selected. A written report will be provided to the Department Head and City Manager upon completion of these inventories. Noncompliance with the procedures will be noted.

When a Property Manager is to be replaced for any reason, the Department Head shall notify the Director of Finance to provide a current fixed asset listing so that joint inventory may be conducted by the outgoing and incoming Property Manager. The completed and verified joint inventory shall be forwarded to the Finance Department within 10 days after the appointment of the new Property Manager.

Depreciation

Depreciation will be recorded in the fixed asset program. The maintenance of depreciation schedules will be handled by the Finance Department and will be used in the evaluation of all future budget submissions.

Classification and Coding

Coding: A standardized classification and coding system will be used. Adherence to standardized classification and coding promotes uniformity, consistency and systematic compilation of data. These standards are concerned primarily with asset classification, source of funds, property identification numbers and other coding considerations. A unique number is assigned to each asset. The number remains with the asset regardless of its location. When an asset is transferred from one fund to another, the original asset is retired. The transferred asset is added using the original asset number with an extension of A, B, C, etc. The acquisition date of the transferred asset will be the transfer date. There are three types of assets maintained in the asset records system. Type 2 and type 3 assets are not included in the Financial Reports as fixed assets, but are expensed in the year of purchase.

Classes of Property

- Type 1 -** Controlled assets that meet the capitalization criteria. Type 1 Assets cost ~~\$205~~,000 or more, are not maintenance items, and have an estimated life of more than ~~1~~3 years.
- Type 2 -** Controlled assets with a cost of \$500 or more but less than ~~\$520~~,000 with an estimated life of more than ~~one~~3 years that are susceptible to loss. Type 2 assets may include calculators, typewriters, computer equipment, T.V.s, VCRS, lawn mowers, line trimmers, radios, pagers, and small electrical tools, etc. After 5 years assets may be transferred to a type 3 asset.
- Type 3 -** Assets that do not meet the above criteria. The Department Head decides whether to include these assets in the centralized reporting system or maintain records within the department.

Source of Funding:

- 01 Operating Funds
- 02 Lease Purchase
- 03 Certificates of Obligation (CO)
- 04 Issue of Debt
- 05 Revenue Sharing
- 06 Contributions
- 07 Grants
- 08 Other

Assets are categorized by type using a category table maintained in the Fixed Asset Program.

Reporting Requirements

Annual Reporting

Annually, the Finance Department will provide to each department a current fixed asset listing of capitalized assets. An inventory of the listed property shall be conducted and discrepancies resolved. The listing shall be signed by the Department Head verifying the property on hand. Once completed, the original signed copy of the asset listing and any corrections are to be returned to the Finance Department. Changes will be entered and a corrected listing sent to the department.

At least annually the following departments will conduct inventories of Type 2 assets including specialty items and forward a copy to the Finance Department. Written departmental policy outlines the record keeping system and procedures to be followed.

- Parks Department - Inventory and status of condition of park equipment (playground equipment, picnic tables, etc.)
- Police Department - Inventory of specialty equipment such as light bars/sirens, barrier cages, articles of clothing, cell phones etc.
- Fire Department - Inventory of hoses, adapters, nozzles, etc. by truck. Inventory of specialty items such as articles of clothing, cell phones, and radios.
- Management Information Services (M.I.S.) - Details of P.C.'s and their component parts.
- Cultural Services - Works of art. **Policy recommends an appraisal be done every five years on art pieces with an acquisition value of more than \$1,000 (See Chapter 5).**

Periodic Reporting

Periodically the Finance Department will conduct physical inventories of assets. Particular categories of items may be selected. A written report will be provided to the Department Head and City Manager upon completion of these inventories. Noncompliance with the procedures will be noted and taken into consideration in yearly personnel reviews.

When a Property Manager is to be replaced for any reason, the Department Head shall notify the Director of Finance to provide a current fixed asset listing so that joint inventory may be conducted by the outgoing and incoming Property Manager. The completed and verified joint inventory shall be forwarded to the Finance Department within 10 days after the appointment of the new Property Manager.

CHAPTER 2 -

GUIDELINES FOR

ACCOUNTING FOR ASSETS

Guidelines for Accounting for Assets

Land: The land account includes land purchased or otherwise acquired by the City. Purchased land is carried in the records at cost. Donated land is recorded at the appraised market value of the land at the time of its donation. Deeds and land purchases, easements and right-of-way records are maintained by the City Secretary.

Buildings: The buildings account includes the value of buildings at purchase price or construction cost, plus improvements made to the buildings.

Improvements Other Than Buildings/Infrastructure Improvements: The "improvements other than buildings" accounts are used to record such items as infrastructure (e.g., parking lots, sidewalks) and site improvements (e.g., fences). Usually, values are recorded on a "cost-of-construction basis." Items not included are landscaping, demolition and land acquisition (included in the land section), and movable equipment such as park equipment (included in the equipment classification). The City records infrastructure improvements at original cost. Infrastructure improvements include streets, sidewalks, drainage, signalization street lighting, park development, water lines, sewer lines, etc. Infrastructure improvements shall be grouped. Street improvements, water lines, sewer lines, etc. will be cumulative. Depreciation will be recorded in the proper fund.

Machinery Equipment and Accessories: The machinery and equipment account consists of property that does not lose its identity when removed from its location and is not changed materially or expended in use. This property is recorded at cost, including freight, installation and other charges incurred to place the asset in use. If an asset is acquired through donation, an appraised value is established as of the donation date and assigned to the asset. Machinery and equipment is categorized in several different general ledger codes. The categories are used to group "like" assets. Accessories for vehicles including tool boxes, etc., when purchased at the time the vehicle is purchased, will be included in the cost of the vehicles. Accessories added later follow the regular capitalization policy.

Pumps and Motors: Pumps and motors that are component parts of a facility are included in the cost of the facility. Portable pumps and motors are capitalized according to the capitalization policy.

Park Equipment: Playground Equipment at the parks follows general capitalization rules. The Parks Department shall maintain a reporting system that identifies the condition of the equipment. At least annually, an inventory and status of condition of equipment report will be prepared.

Park Improvements: Park Improvements include improvements-to-land and improvements- on-land and do not include buildings. Improvements-to-land will be cumulatively grouped by park. Cost of improvements including lighting and fencing are added to the combined cost per park.

Furniture: Accountability for all furniture is the responsibility of the Property Manager and Department Head of the department to which an asset is assigned.

The following classifications are used:

Unit Cost Over \$ <u>520</u> ,000 -	Must be included as a Type 1 Capital Asset. After 5 years, the item may be classified as a Type 2 asset. When fully depreciated, the asset may be classified as a Type 2 asset.
Unit Cost Between \$500 & \$ <u>520</u> ,000-	Must be included as a Type 2 asset. After five years, the item may be classified as a Type 3 asset.
Unit Cost Under \$500 -	Department discretion as to whether or not to include the asset on the centralized reporting system.
Furnishings Attached to the Building -	Shelves, files, tables, etc., shall not be included on the asset listing.

Classification as a Type 3 asset in no way negates obligation of accountability. If the Department elects not to include furniture as a Type 3 asset in the centralized reporting system, an alternative method of accountability must be established at the department level.

Specialty Items: Accountability for all specialty items, is the responsibility of the Property Manager and Department Head of the department to which an asset is assigned. The capitalization policy in no way negates obligation of accountability. If a Department Head elects not to include assets on the centralized reporting system, alternative methods of accountability must be established at the department level. A written departmental policy is required.

Police Department Examples:

Light bars/sirens
Barrier cages
Articles of clothing

Fire Department Examples:

Hoses
Adapters
Nozzles, etc.

The Police and Fire Departments shall maintain an internal record keeping system for control of assets costing less than \$520,000. A written departmental policy outlines the record keeping system and procedures to be followed. At least once annually, all departments shall independently verify the correctness of the list and report its findings to the Finance Department.

Management Information System (MIS) or person serving in such a capacity will work in conjunction with the Purchasing Agent and will adhere to the following policies concerning departmental purchases. For asset purposes it is assumed that a computer system consists of the "processor box."

- All computer descriptions on the asset system will be very generic (e.g. PC-486).
- M.I.S./Purchasing will continue to maintain a database and files for computers with specific purchase information and historical data.

- Normal maintenance parts for an existing computer will not change the asset value. If the part significantly enhances the system an ADD asset sheet will be initiated to show the value change and the existing asset number will be referenced. The adjustment will be recorded as an improvement to the original asset in the system.
- Any purchase of a computer system over \$520,000 will be coded to the 6402 code with an asset Type 1. Purchases less than \$520,000 will be coded to the 6103 code with an asset Type 2. Both will be assigned a new asset number. Printers and other external peripherals will adhere to the same coding guidelines.
- Commonly transferred equipment, including personal computers, printers and other external peripherals, will be accounted for in a central department (i.e. 111-General Administration, 112-Permits, 151 – Public Works).

All fully depreciated assets may be transferred to the General Fund centralized department:-

Transfers of assets not fully depreciated should not routinely occur between funds.

- All asset forms concerning computers and related equipment shall be initiated or reviewed by M.I.S./Purchasing before any changes are made to an existing asset.
- Listings of software licenses held by the City will be maintained by the Purchasing Department and will be included on the fixed asset listing if the capitalization criteria is met.
- Computer equipment bought for a specific department's needs, will be assigned to that department. Ex. Engineering computers and Finance computers.
- Computer equipment bought in the Enterprise Funds shall be depreciated over three years.
- All General Fund computers will be bought out of the departmental computer budget. If the money is budgeted in another department, a budget transfer will be done.

The M.I.S./Purchasing Department shall maintain an independent tracking system that details P.C.'s and their component parts. Annually, M.I.S. will verify the correctness of their records with a list signed by the designated Property Managers and forward a copy to the Finance Department for reconciliation to the centralized listing for capitalized assets. A written departmental policy is available. It will be the responsibility of the Department Head and Property Manager to monitor compliance with this departmental policy.

Art Pieces: Art pieces with a value of \$520,000 or more when received will be included as a Type 1 asset. Art not meeting the capital criteria will be accounted for by the General Administration Department following the departmental policy.

CHAPTER 3.

ACQUISITIONS, MODIFICATIONS, RETIREMENTS and TRANSFERS

Acquisitions, Modifications, Retirements and Transfers

Accurate reporting of the changes to the fixed asset system is the cornerstone of the maintenance procedure. These changes include the recording of new assets, changes, transfers and disposals. A key to a usable system is the recognition that the system is not static. Lack of attention to maintenance of the records will result in overstatement or understatement of the investment in assets and lack of control of assets which may lead to loss of assets.

Standardized Forms Required

Standardized forms are provided to report updates to the fixed asset system.

Use of the following forms is required:

- Additions/Purchases
- Changes
- Transfers
- Disposals
- Auction Disposal Items

Required Authorizations

Before transactions are recorded, specific authorizations are required.

- Additions/Purchases: Property Manager and Department Head or their designees of the Department to which the asset is assigned and the Purchasing Agent.
- Changes: Property Manager and Department Head or their designees of the Department to which the asset is assigned.
- Transfers: Property Manager and Department Head or their designees of both the "transfer to" and "transfer from" department.
- Disposals : Property Manager and Department Head or their designees of the department to which the asset is assigned.
- Auction Disposal Items: Property Manager and Department Head or their designees of the department to which the asset is assigned and the Purchasing Agent.

Additions

Current Year Additions: All assets acquired during the current fiscal year are defined as current year additions. These include purchases of new as well as used assets, donated assets and assets acquired through capitalized lease-purchase agreements.

To submit additions to the existing property record, it is necessary to indicate the account number and type of asset, quantity, description of the asset, original cost including all associated charges (e.g., freight, or other fees) and date of acquisition. When recording the description, it is important to include the manufacturer's name, serial number, and model number, if applicable. For assets which have no identification numbers, a description of the assets in terms of sizes or capacities shall be indicated. Brand names as opposed to vendor names shall be used.

Prior Year Additions: Any asset acquired in a period prior to the current fiscal reporting period is a prior year addition. These assets can be added to the asset system. These additions will utilize the same basic addition report form as used for current year additions. The purchase date will reflect year added. Original date is included in the description.

Tagging of Assets: Responsibility for the proper tagging of all assets rests with the department.

Procedures:

1. Use the correct standardized form.
2. Asset Numbers will be assigned by the Finance Department.
3. Complete form in detail.
4. Unit Numbers for vehicles and certain equipment shall be assigned/maintained by the City Secretary or their designee. The City Secretary or their designee shall complete the information section for assets that have been assigned a unit number.
5. Properly tag the asset- indicating the tag # on the form.
6. The ADD Form should be sent to the Finance Department when the payment authorization is sent to Accounting. The form shall be attached to the front of the receiving report/P.O.
7. General Explanation of form.
 - Indicate from which general ledger account the asset was purchased.
 - Make sure your purchase is correctly coded. Check with accounting if there is a question.
 - Indicate the department to which the asset is assigned and the department from which the asset is purchased.
 - Indicate the date of purchase and cost.
 - List the asset type. Remember that only Type 1 assets should have been coded to the 6400 series of accounts. Compare your asset type with your cost to make sure both are correct.
 - Attach a copy of the Invoice/P.O. to the form.
 - Give an accurate and sufficiently detailed description that will allow you to identify this asset in future years. The model and serial number should be included here. Include any tagging information in the description.
 - Use the location field and the room number fields in a manner that will assist you when you do your physical inventories.
 - Make sure all authorization signatures are on the form.

**CITY OF TOMBALL
ADDITION/PURCHASE OF FIXED ASSET**

DATE OF PURCHASE: _____ COST: _____

ASSET TYPE: (Circle One) 1 2 3 VENDOR NAME: _____

(Attach copy of invoice)

DESCRIPTION: _____

DEPARTMENT ASSET ASSIGNED: _____ LOCATION: _____

GENERAL LEDGER ACCOUNT PURCHASED FROM: _____

Is this a budgeted item? Y N If no, was a budget transfer done? Y N

SPECIAL NOTE: _____

(Limited to 25 characters)

****TO BE COMPLETED BY CITY SECRETARY ON ASSETS WITH UNIT #'S ****

Send original to FINANCE

UNIT #: _____ MAKE: _____ YEAR/MODEL: _____

LICENSE #: _____ VIN#: _____

TYPE OF FUEL: **Regular Unleaded Diesel** OFF ROAD: **yes no** LEV: **yes no**

VEHICLE MAINTENANCE TYPE CODE: _____

AUTHORIZATION: _____

Fleet Maintenance Superintendent/Date

DRIVER: _____

AUTHORIZATION: _____

Department Head/Date

Property Manager/Date

****FOR FINANCE DEPARTMENT USE ONLY****

Asset # Assigned: _____ Date Posted to System: _____ By: _____

CAFR Category: _____ Detail Category: _____ DEPR: _____

Capitalize: Y N Spreadsheet: Y N Funding Source: _____ DEPR Cost Center : _____

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Changes

Often, changes are made to an existing record. Usually, these changes are corrections to the original recording. Changes may include, but not necessarily be limited to the following:

- Error in classification of asset.
- Correction of description.
- Serial Number or Model number to correct typographical error.
- Location or series number changes (excluding change to transfer to another department. This change would require TRANSFER FORM).

Procedures:

1. Use the correct standardized form.
2. Complete form in detail.
3. Forward the form to the Finance Department.
4. Make sure all authorization signatures are on the form.

**CITY OF TOMBALL
CHANGES TO FIXED ASSET**

ASSET# TO BE CHANGED: _____

__DEPARTMENT ASSET ASSIGNED TO: _____

__DESCRIPTION: _____

CHANGES TO BE MADE: _____

AUTHORIZATION:

Department Head/Date

Property Manager/Date

Directions for Completing This Form

1. Complete this form for any changes to an asset description, with the following *exceptions*:
 - a. Location in another department (**do Transfer of Fixed Asset form**)
 - b. Model number and/or Serial number changes other than to correct typographical errors or warranty replacement
2. Send original form to Finance Department.
3. Make sure all authorization signatures are on form.

****FOR FINANCE DEPARTMENT USE ONLY****

Date Posted to System: _____ NOTE: _____

By: _____

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Transfers

Transfers are defined as any movement of an asset between departments. A transfer may be a full or complete transfer or a partial transfer of an item. Changes of a location or room number within a department should be done on a change form.

Procedures:

1. Use the correct standardized form.
2. Complete form in detail.
3. Forward the form to the Finance Department.
4. Make sure all authorization signatures are on form.

Transfers must be approved and accepted by both the Department Heads and Property Managers of the transferring and receiving Departments.

**CITY OF TOMBALL
TRANSFER OF FIXED ASSET**

ASSET # OF ITEM TRANSFERRED: _____ DATE OF TRANSFER: _____

DESCRIPTION: (Include model #, serial #, etc.) _____

DEPT. # TRANSFERRED FROM: _____ DEPT # TRANSFERRED TO: _____

AUTHORIZATION: (Transferring Department)

Department Head/Date

Property Manager/Date

AUTHORIZATION: (Receiving Department)

Department Head/Date

Property Manager/Date

Directions for Completing This Form

1. Complete this form on every asset transferred from one department to another department.
2. Make sure ***both*** the transferring and receiving authorization signatures are on form.
3. ***If the transfer is on a vehicle, send a copy of form to the City Secretary. This is important for vehicle maintenance records.***
4. Send original form to Finance Department.

****FOR FINANCE DEPARTMENT USE ONLY****

Asset # Assigned: _____ Date Posted to System: _____ By: _____

CAFR Category: _____ Detail Category: _____ Type Code: 1 2 3

Fund to Fund: Y N Acq Value: _____ Book Value: _____ Prev DEPR: _____

CAFR Class: _____ Spreadsheet Updated: Y N Journal Entry Done: Y N

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Journal Entry# _____ Pkt # _____

Disposals

Disposal of Items Through Auction

It is the policy of the City to dispose of items through public auction if there is potential use for an asset that is being disposed of.

- The Property Manager shall prepare a "DISPOSAL THROUGH AUCTION FORM" that is to be signed by the Property Manager and Department Head. A copy of the form shall be sent to the Finance Department noting when the asset will be transferred to the Purchasing Agent for safekeeping. The asset will not be removed from the fixed asset records until verification from the Purchasing Agent that the asset has been sold or properly disposed.
- This original form shall be sent to the Purchasing Agent at the time the asset item for auction is delivered to the Purchasing agent.
- The Purchasing Agent shall send the completed original Disposal through Auction form to the Finance Department.
- The Purchasing Agent shall determine if there are alternative uses for the asset. If not, the asset is to be disposed of as soon as possible.
- A detailed list of items to be sold shall be sent to the Finance Department before each auction. The asset shall be removed from the asset report at this time.
- The Purchasing Agent/Finance Department shall establish a control system to assure all assets that have been accepted for safekeeping are disposed of properly. At the end of each fiscal year, the Purchasing Agent shall prepare and send a report to the Finance Department, detailing assets received during the fiscal year and the disposition of these assets.

Disposal

All items that are not sold at public auction but that are otherwise disposed of including items that are traded-in, scrapped, abandoned or in any way removed from service during the current fiscal reporting period are classified as disposals. Disposals can be either full or partial.

- Property shall not be transferred, turned-in or disposed of without prior approval of the Department Head.
- A disposal form should be completed by the Property Manager and sent to the Finance Department.

Procedures:

1. Use the correct standardized form. There are two forms. Determine the correct form.
Disposals through auction must be completed on the correct form.
2. Complete form in detail.
3. Forward the form to the Finance Department.
4. Make sure all authorization signatures are on the form.

**CITY OF TOMBALL
FIXED ASSET DISPOSAL THRU AUCTION**

ASSET # OF AUCTION ITEM: _____	DATE TRANSFERRED TO PURCHASING: _____ (Date Asset will be retired)
DESCRIPTION: (Include model #, serial #, etc.) _____ _____ _____	
Dept. Asset Assigned: _____	
IS ITEM IN WORKING CONDITION? Yes No AUTHORIZATION: (Transferring Department) _____ _____	
_____ Department Head/Date	_____ Property Manager/Date

TO BE COMPLETED BY PURCHASING DEPARTMENT	
STORAGE LOCATION: _____ ACKNOWLEDGMENT OF RECEIPT OF ITEM: _____ _____	
_____ Purchasing Department/Date	_____ Auction Date (Date Item Sold)

Directions for Completing This Form

1. Complete this form on ***every*** item sent for auction. This form should be completed prior to the item being sent to Purchasing for storage.
2. Purchasing will acknowledge receipt of item and a ***copy*** of form is sent to Finance Department.
3. Once item is sold at auction, ***original form*** will be completed with date of sale and send to Finance Department.
4. Make sure authorization signatures are on form.

FOR FINANCE DEPARTMENT USE ONLY			
Retire Date: _____	Date Posted to System: _____	By: _____	
CAFR Category: _____	Detail Category: _____	Type Code: 1	2 3
Dept #: _____	Acq Value: _____	Book Value: _____	Prev DEPR: _____
CAFR Class: _____	Spreadsheet Updated: Y N	Journal Entry Done: Y N	
Rev 11-02	Journal Entry # _____	Packet # _____	

**CITY OF TOMBALL
DISPOSAL OF FIXED ASSET**

ASSET # OF DISPOSED ITEM: _____	DATE OF DISPOSAL: _____ <div style="text-align: right; font-size: small;">(Date Asset will be retired)</div>
DESCRIPTION: (Include Model #, serial #, etc.) _____ _____	
REASON FOR DISPOSAL: _____ _____	
DEPARTMENT ASSET ASSIGNED: _____	
METHOD OF DISPOSAL: _____	
AUTHORIZATION: _____ _____	
_____ Department Head/Date	_____ Property Manager/Date

Directions for Completing This Form
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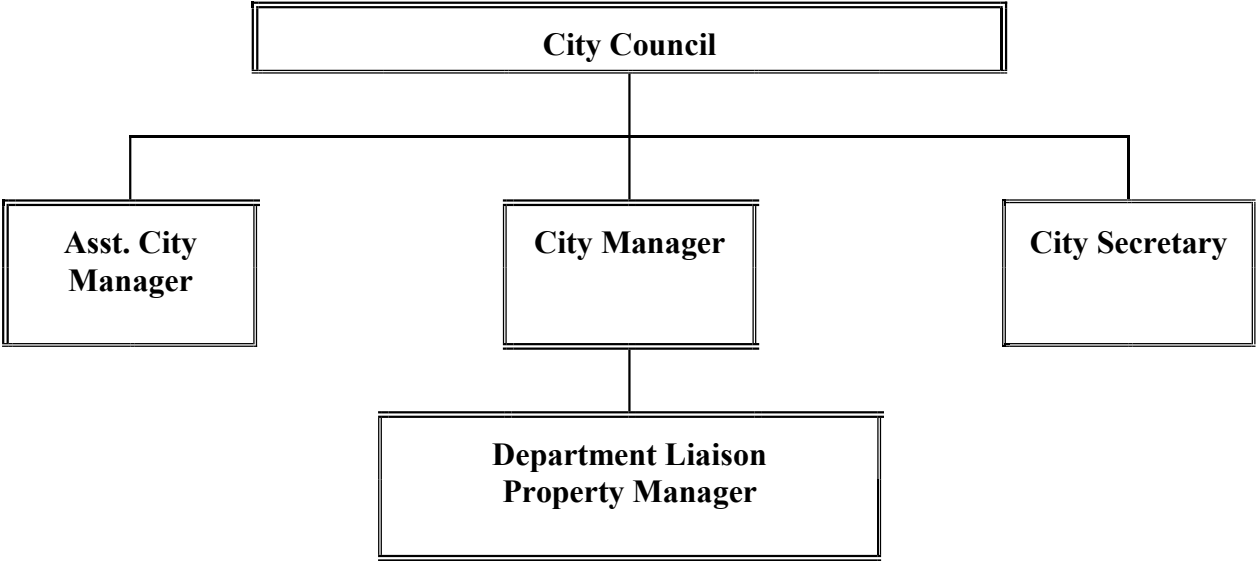
1. Complete this form on *every* asset **physically** disposed of. (USE **FIXED ASSET DISPOSAL THRU AUCTION FORM** for auction items)
2. Send original form to Finance Department.
3. Make sure authorization signatures are on form.

FOR FINANCE DEPARTMENT USE ONLY			
Retire Date: _____	Date Posted to System: _____	By: _____	
CAFR Category: _____	Detail Category: _____	Type Code: 1	2 3
Acq Value: _____	Book Value: _____	Prev DEPR: _____	
CAFR Class: _____	Spreadsheet Updated: Y N	Journal Entry Done: Y N	
Rev 11-02	Journal Entry # _____	Packet # _____	

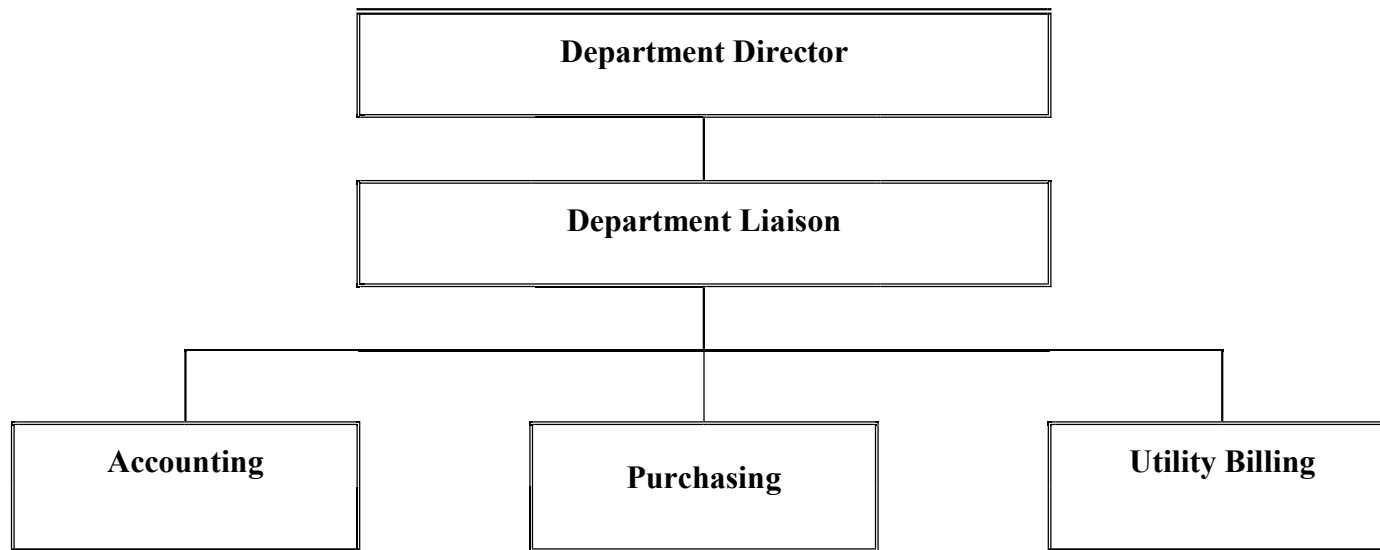
CHAPTER 4 .

DEPARTMENTAL PROPERTY MANAGERS

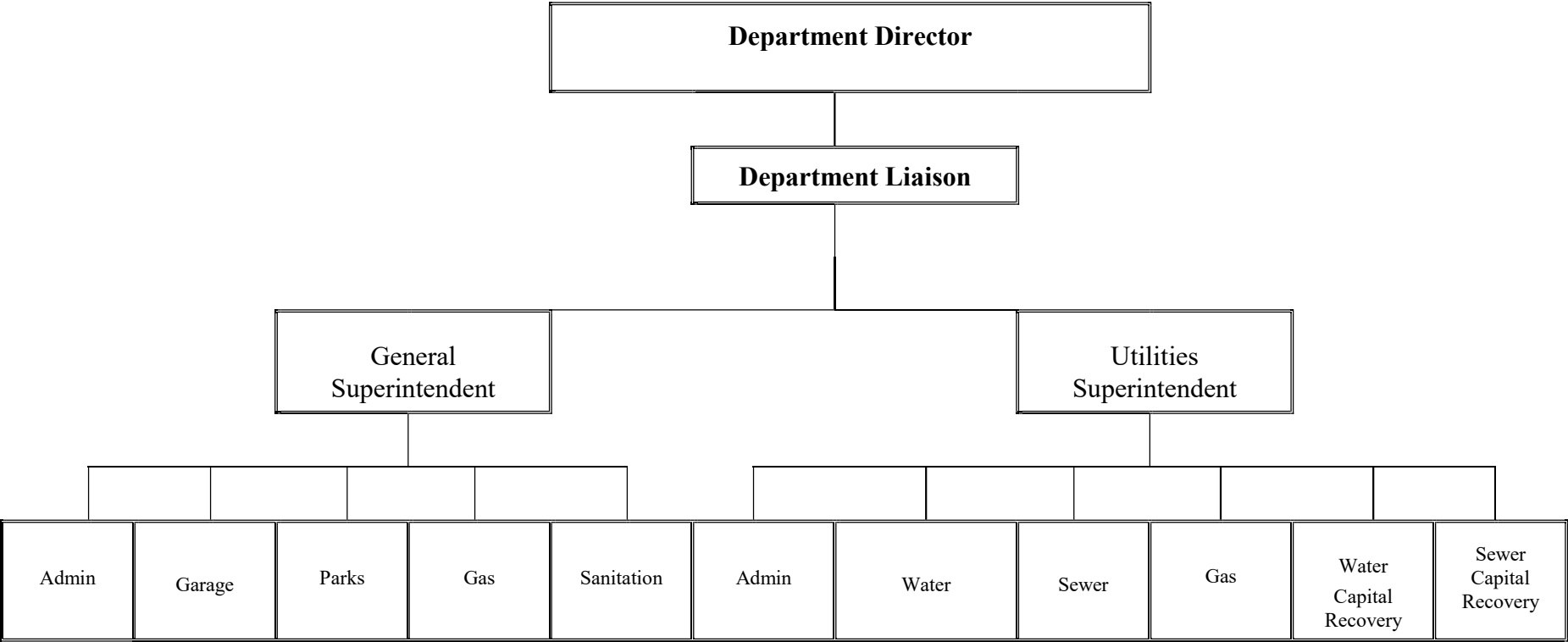
CITY COUNCIL/ADMINISTRATION



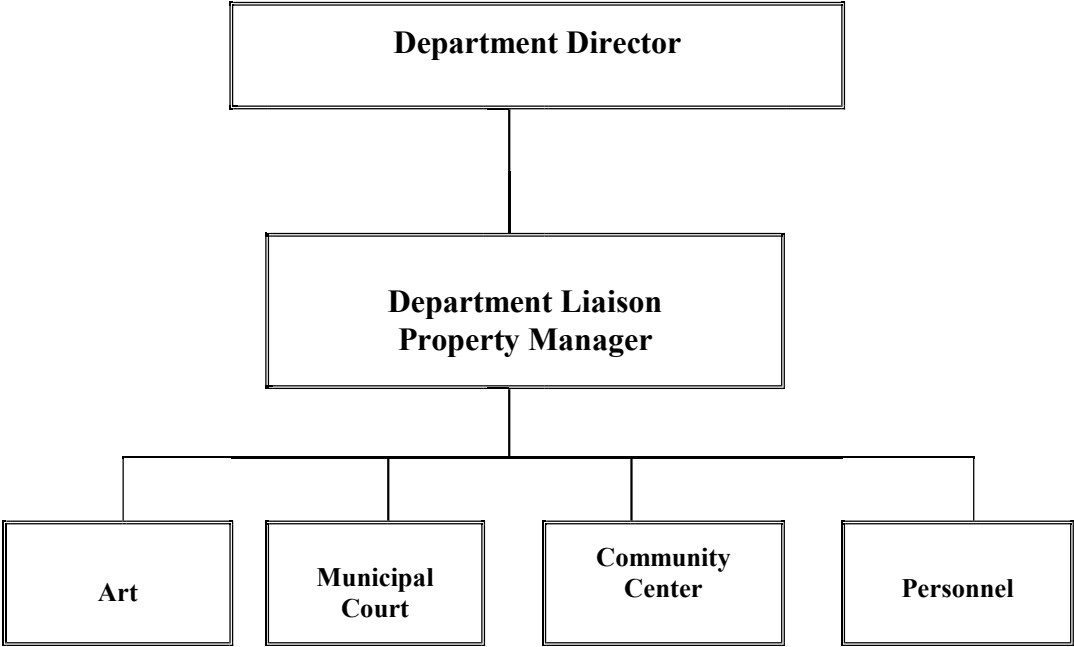
FINANCE DEPARTMENT



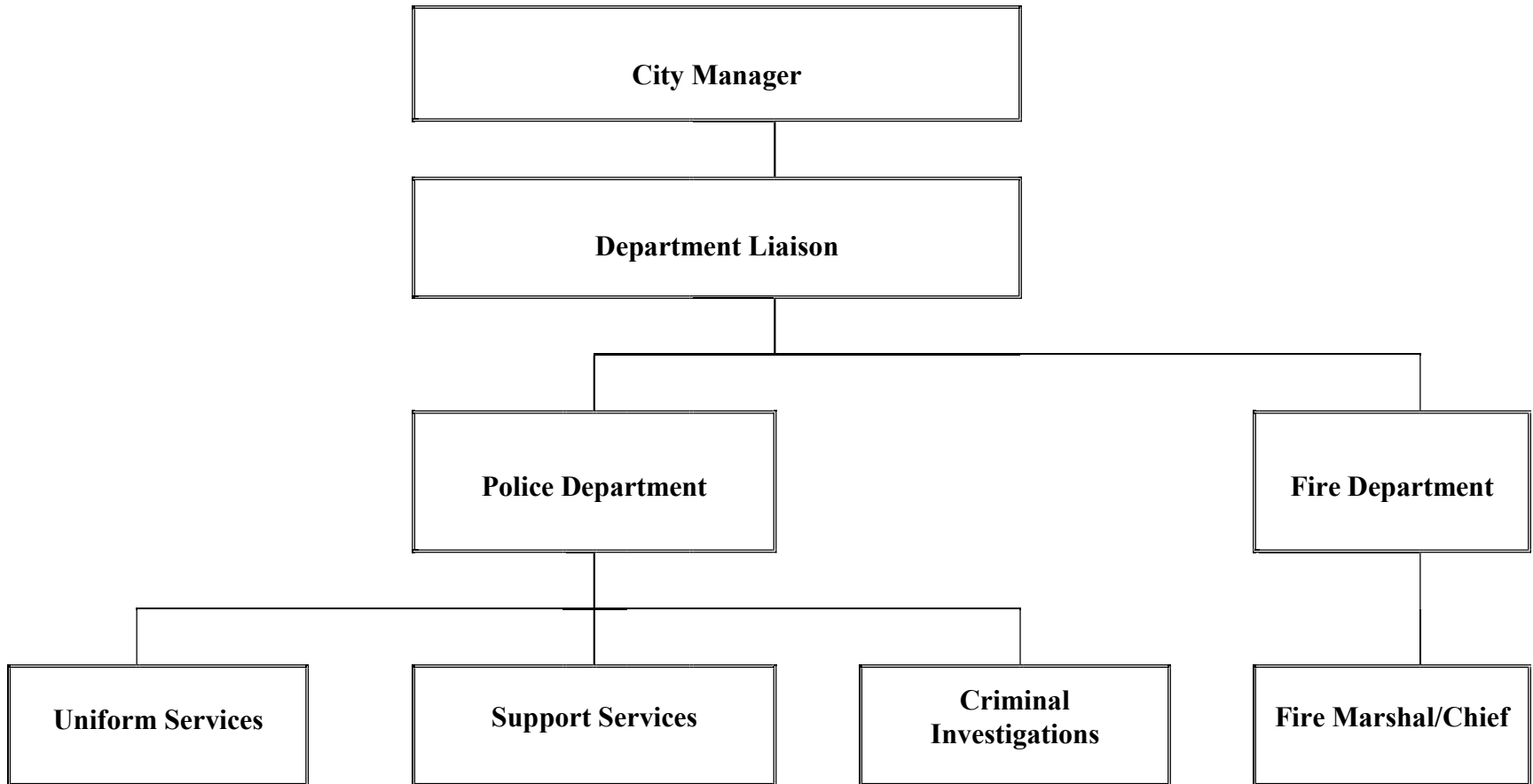
PUBLIC WORKS DEPARTMENT



ADMINISTRATION DEPARTMENT



PUBLIC SAFETY DEPARTMENTS



CHAPTER 5 -

DEPARTMENTAL POLICIES

ADMINISTRATION DEPARTMENT

DEPARTMENTAL POLICY

Type 3 Assets: Type 3 assets will not be maintained as part of the centralized reporting system. A separate listing will be maintained within the department. The Department Liaison will maintain the list.

Personal Property: The Department Liaison will maintain a listing of personal property that the employees within the Administration Department have on City property. The department will assume no responsibility for loss or damage to personal property.

Signature/Date

FINANCE DEPARTMENT

DEPARTMENTAL POLICY

Type 3 Assets: Type 3 assets will be maintained as part of the centralized reporting system. The Department Liaison will maintain the list. Property that would otherwise be classified as a Type 2 asset except for cost will be included on the centralized list.

Personal Property: The Department Liaison will maintain a listing of personal property that employees within the Finance Department have on City property. The department will assume no responsibility for loss or damage to personal property.

Signature/Date

PUBLIC WORKS DEPARTMENT

DEPARTMENTAL POLICY

Type 2 Assets Costing between \$500 and \$520,000: Assets that would otherwise be classified as controllable assets will be accounted for using the centralized reporting system. An inventory will be conducted at least once annually.

Furniture: Furniture items will be accounted for using the centralized reporting system maintained by the Finance Department. An inventory will be conducted at least once annually.

Items Costing Less than \$500: Department will include the asset on the departmental inventory list.

Personal Property: The department liaison will maintain a listing of personal property that the employees within the Public Works Department have on City property. The department will assume no responsibility for loss or damage to personal property.

Signature/Date

PURCHASING/MIS DEPARTMENT

DEPARTMENTAL POLICY

Type 2 Assets Costing between \$500 and \$520,000: Assets that would otherwise be classified as controllable assets will be accounted for using the centralized reporting system. An inventory will be conducted at least once annually.

Furniture: Furniture items will be accounted for using the centralized reporting system maintained by the Finance Department. An inventory will be conducted at least once annually.

Items Costing Less than \$100: Department will include the asset on the departmental inventory list.

Management Information Systems (M.I.S.)

M.I.S. or the person designated as such by the city will maintain an internal record of all maintenance and components parts in each system. M.I.S. will preserve warranty cards, component histories, serial numbers, etcetera, concerning all computers. M.I.S. will adhere to the Purchasing/MIS policy concerning the coding of Type 2 assets for computer related items. However, printers and some other peripherals with a cost less than \$200 will be coded a Type 3 and listed on the centralized fixed asset listing.

Art Pieces

The City of Tomball currently owns works of art which are listed in fixed assets records. The works were acquired through commissions, purchases, gifts, and grants. The typical art should increase in value with increasing years. Works of art should be inventoried according to the following guidelines:

1. All art pieces should have a Code 4 designation.
2. Care should be taken in attaching any inventory identification to the art itself; gummed labels or other separate identifying attachments, if necessary to be affixed, should be affixed to the backs of frames only. (No attachments should be made to pottery, sculpture, or two dimensional art.)
3. Information recorded may include:
 - Type of Art;
 - Title of Work;
 - Artist;
 - Medium;
 - Location and Size;

- Fund Source/Gift or Grant Source;
 - Acquisition Date;
 - Acquisition Cost, Acquisition Value, Current Value, if applicable;
 - Any other special information including maintenance references, if applicable.
4. Recommended: Appraise every five years any art piece with an acquisition value of more than \$1000; consider appraisal of other works as appropriate.
 5. At least once annually a complete physical inventory shall be taken.

Personal Property: All employees in the Purchasing/MIS Department shall make a list of all personal property that is used or stored on City property. This list should include a complete description of the property. Personal property could include but is not limited to the following items: tools, furniture, books, photos, pictures, prints, plaques, wall hangings, radios, clocks, pens, pencils, computers, calculators, plants, and so forth. Personal property is not covered by the City insurance and should a loss occur by fire, theft or any other calamity, the City of Tomball accepts no responsibility. This list shall be furnished to the supervisor and a physical inventory shall be made at the same time the City assets are inventoried. Each employee will be responsible for revising their own personal property inventory list when changes occur and providing the revised inventory list to their supervisor. In addition to the list it would be advisable to stencil or label all items of personal property to avoid any confusion at the time of inventory.

Signature/Date

POLICE/FIRE DEPARTMENTS

DEPARTMENTAL POLICY

Specialty Equipment: Specialty equipment including light bars, sirens, prisoner transport wire barriers, clothing/uniforms, protective vests, fire hoses, nozzles, adapters, etc., will be accounted for by use of an internal reporting system. Department Captains will be responsible for assets in the Police Department. The Fire Chief will be responsible for items in the Fire Department. An inventory by fire truck will be maintained in the Fire Department. Equipment not included in the centralized reporting system will be inventoried at least once annually.

Furniture/Fixtures: Furniture/fixtures classified as Type 2 assets will be maintained through the centralized reporting system. At least once annually an inventory will be conducted.

Small Equipment: Small items costing less than \$200 including cameras, calculators, etc., will be included in the centralized reporting system maintained by the Finance Department.

Personal Property: The Tomball Police Department reserves the right to inspect all items removed from the Police Department by an employee upon the time of their resignation or termination from employment.

Employees, who use personal items in their employment over the value of \$100.00 dollars, must register this equipment with their Department Captain. An Officer's firearms are an exception to this rule.

Signature/Date

Auction Procedures

Departments having items to be disposed of by auction need to fill out "**DISPOSAL THROUGH AUCTION FORM**" with complete description including serial and model numbers. Form must include the Department Head signature. The item and auction form is taken to City Hall on the second Thursday of each month at 3:00 p.m. to meet with the Purchasing Agent. These items are verified and then stored in a designated locked area in the department (Police, Fire etc) awaiting City auction. (If for some reason an item cannot be taken to the warehouse, department supervisor must contact the Purchasing Agent for inspection and verification at present location.). The Purchasing Agent determines if there are alternative uses for the asset.

The Purchasing Agent will sign the auction form verifying receipt of property. A copy will be sent to the Finance Department and the original filed in the Purchasing Agent's office until auction date.

A list of items to be auctioned will be sent to all departments. If no other department can use any of the items, all will be placed on auction list for disposal. If any items can be used by other City offices, an asset transfer sheet must be processed and sent to the Finance Department.

Once auction has taken place and a completed list of items sold is received from auctioneer, the original auction forms will be completed with auction date and sent to the Finance Department for processing. A copy of the list of auctioned items will also be sent to the Finance Department.

Procedures:

1. Fill out "DISPOSAL THROUGH AUCTION FORM" completely and obtain Department Head signature for approval.
2. Take item and form to purchasing on the 2nd Thursday of each month at 3:00 p.m. to be turned over to Purchasing Agent.
3. Items are stored in a locked designated storage area awaiting auction date.
4. Copies of auction forms are sent to Finance Department and warehouse manager by the Purchasing Agent.
5. List of items to be auctioned are sent to each department confirming items to be sold and examination of list in case any other department can use any of the items.
6. Items are turned over to auctioneer for disposal. Once auction has occurred and list of items sold is sent to Purchasing Agent, auction forms are completed and forwarded to Finance for final processing. A copy of the auctioneer's list of items sold will also be sent to the Finance Department.

CHAPTER 6 -

FORMS

**CITY OF TOMBALL
ADDITION/PURCHASE OF FIXED ASSET**

DATE OF PURCHASE: _____ COST: _____	
ASSET TYPE: (Circle One) 1 2 3	VENDOR NAME: _____ (Attach copy of invoice)
DESCRIPTION: _____ 	
DEPARTMENT ASSET ASSIGNED: _____ LOCATION: _____	
GENERAL LEDGER ACCOUNT PURCHASED FROM: _____	
<i>Is this a budgeted item? Y N If no, was a budget transfer done? Y N</i>	
SPECIAL NOTE: _____ (Limited to 25 characters)	

**TO BE COMPLETED BY CITY SECRETARY ON ASSETS WITH UNIT #'S ** <u>Send original to Finance Department</u>	
UNIT #: _____ MAKE: _____ YEAR/MODEL: _____	
LICENSE #: _____ VIN#: _____	
TYPE OF FUEL: Regular Unleaded Diesel OFF ROAD: yes no LEV : yes no	
VEHICLE MAINTENANCE TYPE CODE: _____	
AUTHORIZATION: 	
Fleet Maintenance Superintendent/Date	Driver:
AUTHORIZATION:	

_____ Department Head/Date	_____ Property Manager/Date
-------------------------------	--------------------------------

FOR FINANCE DEPARTMENT USE ONLY	
Asset # Assigned: _____	Date Posted to System: _____ By: _____
CAFR Category: _____	Detail Category: _____ DEPR: _____
Capitalize: Y N Spreadsheet: Y N Funding Source: _____	DEPR Cost Center : _____
Rev 11-02	

**CITY OF TOMBALL
CHANGES TO FIXED ASSET**

ASSET# TO BE CHANGED: _____	
DEPARTMENT ASSET ASSIGNED TO: _____	
DESCRIPTION: _____	
CHANGES TO BE MADE: _____	
AUTHORIZATION:	
_____ Department Head/Date	_____ Property Manager/Date

Directions for Completing This Form

1. Complete this form for any changes to an asset description, with the following *exceptions*:
 - a. Location in another department/department (**do Transfer of Fixed Asset form**)
 - b. Model number and/or Serial number changes other than to correct typographical errors or warranty replacement
2. Send original form to Finance Department.
3. Make sure all authorization signatures are on form.

****FOR FINANCE DEPARTMENT USE ONLY****

Date Posted to System: _____	NOTE: _____
By: _____	
Rev 11-02	

CITY OF TOMBALL TRANSFER OF FIXED ASSET

ASSET # OF ITEM TRANSFERRED: _____ DATE OF TRANSFER: _____

DESCRIPTION: (Include model #, serial #, etc.) _____

DEPT # TRANSFERRED FROM: _____ DEPT # TRANSFERRED TO: _____

AUTHORIZATION: (Transferring Department)

Department Head/Date

Property Manager/Date

AUTHORIZATION: (Receiving Department)

Department Head/Date

Property Manager/Date

Directions for Completing This Form

1. Complete this form on every asset transferred from one department/department to another department/department.
2. Make sure ***both*** the transferring and receiving authorization signatures are on form.
3. ***If the transfer is on a vehicle, send a copy of form to the Receptionist. This is important for vehicle maintenance records.***
4. Send original form to Finance Department.

FOR FINANCE DEPARTMENT USE ONLY

Asset # Assigned: _____ Date Posted to System: _____ By: _____

CAFR Category: _____ Detail Category: _____ Type Code: 1 2 3

Fund to Fund: Y N Acq Value: _____ Book Value: _____ Prev DEPR: _____

CAFR Class: _____ Spreadsheet Updated: Y N Journal Entry Done: Y N

Rev 11-02 Journal Entry # _____ Packet # _____

**CITY OF TOMBALL
FIXED ASSET DISPOSAL THRU AUCTION**

ASSET # OF AUCTION ITEM: _____	DATE TRANSFERRED TO PURCHASING: _____ <small>(Date Asset will be retired)</small>
DESCRIPTION: (Include model #, serial #, etc.) _____ _____ _____	
Dept. Asset Assigned: _____	
IS ITEM IN WORKING CONDITION? Yes No	
AUTHORIZATION: (Transferring Department) _____ _____	
Department Head/Date	Property Manager/Date

TO BE COMPLETED BY PURCHASING DEPARTMENT	
STORAGE LOCATION: _____	
ACKNOWLEDGMENT OF RECEIPT OF ITEM: _____ _____	
Purchasing Department/Date	Auction Date (Date Item Sold)

Directions for Completing This Form

1. Complete this form on ***every*** item sent for auction. This form should be completed prior to the item being sent to Purchasing for storage.
2. Purchasing will acknowledge receipt of item and a ***copy*** of form is sent to Finance Department.
3. Once item is sold at auction, ***original form*** will be completed with date of sale and send to Finance Department.
4. Make sure authorization signatures are on form.

FOR FINANCE DEPARTMENT USE ONLY			
Retire Date: _____	Date Posted to System: _____	By: _____	
CAFR Category: _____	Detail Category: _____	Type Code: 1 2 3	
Dept #: _____	Acq Value: _____	Book Value: _____	Prev DEPR: _____
CAFR Class: _____	Spreadsheet Updated: Y N	Journal Entry Done: Y N	
Rev 11-02	Journal Entry # _____	Packet # _____	

**CITY OF TOMBALL
DISPOSAL OF FIXED ASSET**

ASSET # OF DISPOSED ITEM: _____ DATE OF DISPOSAL: _____ (Date Asset will be retired)	
DESCRIPTION: (Include model #, serial #, etc.) _____ _____	
Reason for Disposal: _____ _____	
DEPARTMENT ASSET ASSIGNED: _____	
METHOD OF DISPOSAL: _____	
AUTHORIZATION: _____	
Department Head/Date	Property Manager/Date

Directions for Completing This Form

1. Complete this form on *every* asset **physically** disposed of. (USE FIXED ASSET DISPOSAL THRU AUCTION FORM FOR AUCTION ITEMS)
2. Send original form to Finance Department.
3. Make sure authorization signatures are on form.

FOR FINANCE DEPARTMENT USE ONLY			
Retire Date: _____	Date Posted to System: _____	By: _____	
CAFR Category: _____	Detail Category: _____	Type Code: 1 2 3	
Dept #: _____	Acq Value: _____	Book Value: _____	Prev DEPR: _____
CAFR Class: _____	Spreadsheet Updated: Y N	Journal Entry Done: Y N	
Rev 11-02	Journal Entry # _____	Packet # _____	

CHAPTER 7 -
APPENDIX

Appendix 1

TAGGING - IDENTIFYING NUMBERS

In general, the tagging method of an asset is to be a joint effort by Finance with the assistance of the Property Manager of the department. Tags should be in a prominent place.

There are two exceptions; Motor Vehicles and Computer Equipment.

- Motor Vehicles - The City Secretary will assign a unit #. The number shall be prominently displayed.
- Computer Equipment - numbers assigned by M.I.S or such person designated by the City.

Tags are premade by the Finance Department. They will be placed in an easily accessible spot and are not to be removed.

Appendix 2

CITY OF TOMBALL

ASSET LISTING INFORMATION

Asset Number
Primary Location Identification
Secondary Location Identification
Asset Description
Fund that Asset is Assigned
Department that Asset is Assigned
Category or Type of Asset
Original Cost of Asset
Date Asset was Acquired
Date Asset was Disposed
Method of Asset Disposal
If the Asset is Depreciable
Number of Units on Hand for Assets in the Aggregate
Notation to be Applied to Asset
Asset Tag Number
Asset Serial Number
Accounts Payable Vendor Number Documenting where the Asset was Purchased
Accounts Payable Invoice Number of Asset Purchase
Purchase Order Number used to obtain the Asset
General Ledger Asset and Depreciation Account Numbers
Depreciation Method for the Asset
Depreciation Accumulated to Date
Date of the Last Depreciation Entry
Life of the Asset in Months
Any Salvage Value Assigned to the Asset
Any Replacement Costs Assigned to the Asset
General, Acquisition and Disposition Notes to keep on file about the Asset

