

ORDINANCE NO. 4788

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, RELATING TO CAPITAL ASSETS; RENAMING AND AMENDING CHAPTER 2.08 “FIXED ASSETS” OF THE ELLENSBURG CITY CODE.

WHEREAS, governmental entities are required to periodically review their city code and update it as necessary; and

WHEREAS, accounting literature replaced the term “fixed assets” with “capital assets” in the 1990’s; and

WHEREAS, Government Finance Officers Association (GFOA) best practices recommends inventorying tangible capital assets not less than once every five years; and

WHEREAS, depreciation convention changes the method of depreciation from full month straight-line depreciation to full year straight-line depreciation in accordance with Governmental Accounting Standards Board (GASB) 34; and

WHEREAS, the purpose of the amendments is to update the current policy and procedures by aligning them with current accounting rules and regulations,

NOW, THEREFORE, the City Council of the City of Ellensburg, Washington do hereby ordain as follows:

**Section 1.** Chapter 2.08 of the Ellensburg City Code entitled “Fixed Assets,” as last amended by Ordinance 4455, is hereby re-named “Capital Assets” and amended to read as follows:

**Chapter 2.08**

**FIXED CAPITAL ASSETS**

Sections:

- 2.08.020 Purpose/intent.
- 2.08.050 ~~Fixed Capital~~ asset policy.
- 2.08.070 Department responsibility.
- 2.08.100 Asset identification.
- 2.08.140 Depreciation.
- 2.08.180 ~~Fixed asset procedures.~~
- 2.08.220 ~~Asset inventory.~~
- 2.08.260 ~~Lost or stolen assets.~~
- 2.08.320 Implementation.

## **2.08.020 Purpose/intent.**

The following policies and procedures provide a ~~fixed~~ capital asset system designed both to comply with all statutory requirements and increase the city's control over those assets for which it has stewardship responsibilities. The policies provide accountability over the city's assets and centralized documentation for insurance purposes; they meet financial reporting needs and allow the generation of asset management information. [Ord. 3941 § 1, 1994.]

## **2.08.050 Fixed Capital asset policy.**

It is the policy of the city to maintain accountability over all tangible ~~fixed~~ capital assets having a life exceeding one year and costing \$5,000 or more. City departments shall prepare asset records. The asset records will be maintained by the finance director/treasurer and verified by a physical inventory ~~at least once each~~ every other year.

The assets covered by this policy include all land, buildings, machinery and equipment, capital leases, leasehold improvements, construction in progress, intangible assets, and improvements other than buildings (i.e., parking lots and athletic fields) owned by the city which are valued at \$5,000 or more. ~~Assets valued at under \$5,000 may be included if the responsible department desires to control them; provided, however, no dollar amounts would be maintained for these lower-valued items~~ City departments are responsible for managing (recording and tracking), tagging (if feasible), and annual inventorying of their capital assets. [Ord. 4455 § 1, 2006; Ord. 3941 § 1, 1994.]

## **2.08.070 Department responsibility.**

The finance director/treasurer shall establish a ~~fixed~~ capital asset system and prepare guidelines for the annual inventory. Department heads shall conduct a physical inventory of all assets under their control for the past fiscal year and file an inventory report with the finance director/treasurer no later than the last Monday in January.

Each department will notify the finance director/treasurer of any additions, deletions, interdepartmental transfers, modifications, or leases of property. Deletions from the inventory include items which have disappeared mysteriously or have been scrapped, cannibalized, or damaged beyond salvage. The finance director/treasurer will ensure the appropriate changes are made to the department's ~~fixed~~ capital asset records. [Ord. 4455 § 2, 2006; Ord. 3941 § 1, 1994.]

#### **2.08.100 Asset identification.**

All property capable of being inventoried shall be assigned a unique city identification number by the responsible controlling department. The assigned number will follow the asset throughout its life in the city's fixed capital asset system.

Whenever feasible, each piece of property will be tagged or marked with the city identification number. Such markings will be removed or obliterated only when the item is sold, scrapped, cannibalized, or otherwise disposed of. Should the identification number be removed or defaced, the item shall be marked again with the original number obtained from the inventory listing.

[Ord. 3941 § 1, 1994.]

#### **2.08.140 Depreciation.**

Depreciation is an attempt to match the cost decline in value of assets to the time periods the assets serve the city. Depreciation is necessary for matching costs to recognized use or obsolescence, and measuring the income of utility and internal service. Depreciation will be computed for proprietary fund assets and other funds as deemed necessary by the finance director/treasurer. The group-life method of depreciation may be used for utility fund assets. ~~Assets included in the internal service fund are depreciated under the straight-line method of depreciation.~~

~~A full month's depreciation will be taken in the current month for assets acquired prior to or disposed of after the fifteenth day of a month. No depreciation will be taken in the current month for items acquired after or disposed of prior to the fifteenth day of a month. The straight-line method of depreciation will be used on all depreciable capital assets. A full year of depreciation will be taken in the year assets are placed in service or disposed.~~ [Ord. 4455 § 3, 2006; Ord. 3941 § 1, 1994.]

#### **2.08.180 Fixed asset procedures.**

A. ~~Addition of Assets. The city may acquire property by way of purchase, construction, donation, or lease. Regardless of the manner of acquisition, when the property is received, the controlling department will assign the item a unique identification number and affix a corresponding tag on the property if appropriate or feasible. The department will then prepare an "asset maintenance" form, as prescribed by the finance director/treasurer, and attach that form to~~

the front of the purchase order/voucher. The purchase order/voucher and asset maintenance form shall then be forwarded to the finance department.

The finance department will review the information on the asset maintenance form and match the cost information to the voucher. If any questions arise, the payment request and asset maintenance form will be returned to the originating department for resolution. If there are no problems identified, the payment request will be processed and the information on the asset maintenance form entered into the computerized fixed asset system.

**B. Deletions.** Assets which have been previously acquired may eventually be disposed of and, in that event, will need to be deleted from the fixed asset system. Deletion may be required due to sale of the asset or its surplus, scrapping, cannibalization, mysterious disappearance (lost or stolen), or involuntary conversion (fire, flood, etc.). Assets deleted from the fixed asset system, for whatever reason, require authorization from the city council in accordance with Chapters 2.06 and 2.07 ECC.

1. Surplus items turned in to the shop and warehouse shall be reported on the surplus declaration form and turned in with the surplus items.
2. Items which disappear mysteriously may require additional reports to the police department and risk management service agency. Deletions caused by natural disasters require reporting to the risk management service agency for a possible reimbursement claim.

**C. Transfers.** Occasional transfers of property may occur between departments or funds. The original controlling department is accountable for all assets in its inventory and is the department responsible for initiating a notice of transfer using the fixed asset form.

The original controlling department is to complete the transfer section of the asset maintenance form and forward that form to the finance director/treasurer. The finance director/treasurer is responsible for making the change to the fixed asset system.

**D. Modifications.** Larger assets, such as major pieces of equipment and buildings, are often modified to increase their usefulness or increase their useful life. Modification may include partial additions or deletions, major repairs (e.g., a new engine for a fire truck), or component replacement (e.g., a new roof, heating system, etc., for a building).

Several payment requests may be prepared to pay for the modification as the work progresses. The finance department must be notified that modifications are being done prior to the commencement of the modifications.

An ID number should be assigned by the controlling department and placed on all payment requests (vouchers, purchase orders, invoices, etc.) related to the modifications, thus allowing the finance department to track all costs and to later record them in the fixed asset system. [Ord. 3941 § 1, 1994.]

**2.08.220 Asset inventory.**

A departmental inventory count shall be conducted annually to verify the existence and condition of all items listed in the fixed asset records. (When reconciled, the inventory provides evidence that each department head is meeting his or her stewardship duties over department assets. An inventory may also help departments plan for future purchases by identifying unanticipated wear and tear of equipment before the equipment breaks down.)

To provide the best possible control, the person responsible for assets should not be the same person who performs the inventory. Reconciliation of the resulting reports is performed by the department head before submitting the inventory to the finance department.

Prior to the physical inventory, the finance department will distribute a listing of assets, by department, for use as an inventory worksheet. Any inventoried items found without an identification number are to be assigned a number by the department and added to the inventory worksheet. All items without an identification tag are to be tagged, if tagging is feasible.

All land, machinery and equipment, capital leases, leasehold improvements, buildings, construction in progress and improvements other than buildings (such as parking lots and athletic fields) having an original value of \$5,000 or more must be inventoried. Departments may inventory items valued at less than \$5,000. Addition of lower valued items to the inventory may be more appropriate if the items are "sensitive" in nature and/or desirable to the general public (for example, guns, chainsaws, and cameras).

The only items that are not inventoried should be supplies. Infrastructure including the roads, bridges, sidewalks, and the lighting system for the general government funds will be capitalized

~~when the individual cost or system/group cost is \$50,000 or more.~~ [Ord. 4455 § 4, 2006; Ord. 3941 § 1, 1994.]

**2.08.260—Lost or stolen assets.**

~~Whenever an item in the fixed asset system has disappeared without explanation and all efforts have failed to recover the item, the controlling department shall notify the finance director/treasurer using a form designated by the finance director/treasurer. If the item remains missing after 90 days of the notification, the department shall send an asset maintenance form to the finance department in order to remove the asset from the asset inventory.~~

~~Copies of the lost or stolen asset form shall be sent to the city manager and police department.~~ [Ord. 3941 § 1, 1994.]

**2.08.320 Implementation.**

The finance director/treasurer is hereby authorized to implement this fixed capital asset policy and procedure by the development of appropriate forms and additional procedures consistent with this chapter. [Ord. 3941 § 1, 1994.]

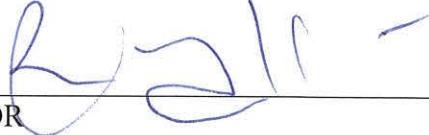
**Section 2. Severability.** If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

**Section 3. Corrections.** Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

**Section 4. Effective Date.** This ordinance shall take effect and be in force five (5) days after its passage, approval and publication.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the 5th day of March, 2018.

ATTEST:

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
CITY CLERK

Approved as to form:

  
\_\_\_\_\_  
CITY ATTORNEY

Publish: March 8, 2018

I, Coreen M. Reno, City Clerk of said City, do hereby certify that Ordinance No. 4788 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4788 was published as required by law.

  
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COREEN M. RENO