

**CITY OF WEST ALLIS
RESOLUTION R-2022-0850**

RESOLUTION TO REPEAL POLICY ON FIXED ASSET MANAGEMENT

REPEALING SECTION 1507

WHEREAS, the content of Policy 1507 is unnecessary because the duties imposed by that section are already handled by the finance and information technology departments;

NOW THEREFORE, be it resolved by the Council of the City Of West Allis, in the State of Wisconsin, as follows:

SECTION 1: **REPEAL** “1507 Property And Equipment Control Of Fixed Assets” of the City Of West Allis Policies & Procedures is hereby *repealed* as follows:

R E P E A L

~~1507 Property And Equipment Control Of Fixed Assets~~ (*Repealed*)

1. **PURPOSE:** To establish the procedures to be followed by City Departments when fixed assets are purchased, acquired, transferred, or disposed of, and the recording method which will be used.
2. **ORGANIZATIONS AFFECTED:** All City of West Allis Departments and Divisions.
3. **POLICY:** It is the policy of the City of West Allis to maintain accountability of all tangible non-expendable property with an original acquisition cost of \$5,000 or more in possession of the City to ensure proper internal controls and to fulfill insurance requirements. This accountability shall be maintained through records kept by the Finance Division for the purpose of satisfying the requirements of GAAP (Generally Accepted Accounting Principles) and GASB (Governmental Accounting Standards Board).
4. **REFERENCES:** Sections 2.64, 2.65, 2.66, 2.67, 2.68, 2.70, 2.71, City of West Allis Revised Municipal Code. Fixed Asset Transfer/Surplus Form. Fixed Asset Disposal Form.
5. **PROCEDURES:**
 - a. **DEFINITIONS.**
 - i. **General.** The following items are covered by this policy: All items either purchased by the City or furnished to it from other sources having an individual acquisition cost or value, or a combined acquisition cost or value to become listed as an individual item for a primary purpose, of \$5,000 or more and a useful life greater than one year. Land of any value except for right-away land, shall also be covered by this policy. Items which have a useful life of one year or more, have an individual acquisition cost of less than \$5,000, and are less significant in nature shall be accounted for and controlled by the

responsible department. Assets will be classified in the following categories:

- (1) Land
 - (2) Buildings & Improvements other than Buildings
 - (3) Equipment and Furnishings
 - (4) Machinery, Trucks and Cars (Rolling stock report)
- ii. Land. This is the cost of land excluding buildings and improvements. The cost of land includes the purchase price and such ancillary costs as legal and title fees, closing costs, appraisal and negotiation fees, damage payments, land preparation costs (clearing, filling, and leveling), accounting fees, and demolition of unwanted structures. When government intends to retain assets obtained in foreclosure actions, the assets should be reported in the general fixed asset account group. On the other hand, if the government expects to resell the assets in the near future, they should be accounted for in the fund to which the taxes or assessments are owed, rather than the general fixed asset account group.
- iii. Buildings. This classification reflects the acquisition cost of permanent improvements thereon. The acquisition cost includes: the purchase price, contract price, or job order cost; professional fees of architects, attorneys, appraisers, financial advisors, etc.; damage claims; costs of fixtures permanently attached to a building or other structure; insurance premiums and interest costs incurred during construction; any other expenditures necessary to put a building or structure into its intended state of operation.
- iv. Improvements Other Than Buildings. This classification reflects the acquisition value of permanent improvements other than buildings which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. The acquisition cost includes the purchase price, contract price, or job order cost; professional fees of architects, attorneys, appraisers, financial advisors, etc.; damage claims; insurance premiums, interest, related costs incurred during construction; and any other expenditures necessary to put said improvement into its intended state of operation.
- v. Equipment and Furnishings. Equipment and furnishings include tangible property of more or less permanent nature, excluding land, building, or improvements thereon. Examples of which are: computer hardware, software (purchased separately), and related equipment, printers, tools, furniture, and furnishings. The cost of equipment includes: purchase price before trade-in allowances, less discounts; freight, and set-up charges.
- vi. Machinery, Trucks and Cars (Rolling Stock Report). Machinery, trucks and cars include tangible property of a more permanent nature. Examples of which are: Pick-up trucks, dump trucks, cars, jeeps, trailers, motorized saws, hydraulic pumps, jackhammers, fork lifts, mowers, snowblowers, and other assorted equipment. These items are

given equipment numbers by the Equipment Repair Department, except in the case of the Police and Fire Department equipment, which are assigned equipment numbers within the department yet still accounted for by the Finance Division. The cost of these assets should include any costs associated with purchase price before trade-in allowances, less discounts; and any cost associated with refurbishing or assembling old/new equipment (including labor and parts).

- vii. Valuation of Assets. The fixed asset accounts should be maintained on the basis of the original cost of placing them in their intended use. If the original cost is not available, or in the case of gifts, the estimated or appraised value at the time received may be used. Prior to the revaluation of a current asset because of adjustments made to the item, one should take into consideration whether the adjustment was an improvement (betterment) or pure maintenance. Also, when general fixed assets are acquired through leases meeting the capitalization requirements of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 13, Accounting for Leases, they should be reported at the net present value of future minimum lease payments.

b. DEPRECIATION.

- i. General. Because an account group does not report operations, as described above, no charge for depreciation can be reported within it. Therefore assets reported in the general fixed asset group normally continue to be reported at their original cost (or fair market value at the time of donation) until disposal. However, in the case of the City's Enterprise Funds (Water Utility, Parking System, Sanitary Sewer Utility and the Beloit Road Public Housing), there is a need to report accumulated depreciation of all fixed assets. Depreciation is an allocation of the net costs of the fixed asset over its estimated useful life. Fixed assets within the Enterprise Funds will be depreciated or amortized using the straight line method (pro-rated convention first and last years); the asset will be depreciated equally each year of its useful life until the end of its useful life, at which time its value will be zero.
- ii. Pro-Rate Convention. Fixed assets are acquired throughout the accounting period. Depreciation of assets within the Enterprise Funds are calculated for one half of a full year for any portion of the first year, and the full year for years thereafter. Example: If an item is purchased in December it will be charged one half year of depreciation.
- iii. Useful Life. Useful life relates to the life expectancy of an item as used by the specific Fund (not its physical life). Please review the City of West Allis Water Utility Rate File, which is approved by the Public Service Commission, which can be found in the Finance Division, Utility Billing Office.

c. ASSET ACQUISITION.

- i. All Assets within the general governmental account having an individual acquisition cost equal to or greater than \$5,000, and useful life equal to or greater than one (1) year, will be controlled on the Fixed Asset System and shall be accounted for in a Capital Outlay Account (detail code 590 accounts) on the Financial System. This includes those items covered by service agreements/ warranties and/or are substantial in nature as defined above. Assets not meeting the above dollar criteria and/or useful life criteria will be considered an operational cost and shall be accounted for in an operating account on the Financial System.
- ii. All Assets within the Water Utility Enterprise Fund having an individual acquisition cost equal to or greater than \$250 (required by the Public Service Commission (PSC)), and a useful life equal to or greater than one (1) year, will be controlled on the Fixed Asset System and shall be accounted for in a Capital Outlay Account (detail code 371 accounts) on the Financial System. Assets not meeting the above dollar criteria and/or useful life criteria will be considered an operational cost and shall be accounted for in various operating accounts on the Financial System.
- iii. The Purchasing/Central Services Division will verify that requisitions submitted for the purchase of assets comply with requirements of 5.3.1 above. Requisitions not meeting the requirements of 5.3.1 will be returned to the requesting department for correction and/or transfer of funds to the appropriate account. Those requisitions meeting the requirements of 5.3.1 will be processed in conformance with applicable purchasing policies.
- iv. The purchase order should identify each asset being purchased as to manufacturer, make, and model number, serial number (if available), and should indicate the quantity purchased, unit price, and total price.
- v. The purchase orders will act as asset acquisition forms and be furnished to the department acquiring the asset with the "receiving" copy of the purchase order. The Purchasing/Central Services Division will either apply the asset tag to the item(s) or confirm that the item(s) will be tagged, with the exception of rolling stock, in which the Responsible Department will assign a number to such item(s).
- vi. When transmitting a payment voucher for a fixed asset to the Finance Division, the Purchasing/Central Services Division will attach a completed Fixed Asset Acquisition Form for the asset(s) purchased, and forward this information to the Finance Division, who will enter it into the system.

d. PERSONAL COMPUTERS.

- i. It is the policy of the City of West Allis to maintain accountability of all software and to control the legal usage and to restrict the illegal usage of software installed into personal computers owned and operated by the City of West Allis. This procedure is intended to maintain registration information and to record what software is

loaded into individual personal computers. The purpose of this policy is to:

- (1) Coordinate Software usage between departments.
- (2) Provide available support and information concerning software.
- (3) Provide future updates and modifications when they become available.
- (4) Maintain proper registration of software currently used by the City of West Allis. Department/Division Heads must order software with the use of a purchase order. All software purchased must be shipped to the Information Services Division located at City Hall. The Information Services Division will maintain a record of all registered software and its respective location. In order to insure compliance of the above, a review of all personal computers will be done randomly throughout the year.

- ii. All computer hardware, including computer network hardware and related items, will be inventoried and maintained by the Information Services Division. Any hardware with a total value equal to or greater than \$5,000 will also be reported on the general fixed assets system, unless otherwise specified above.

e. ASSET DISPOSAL (SURPLUS).

- i. If an asset becomes surplus, the using department must complete a Fixed Asset Disposal/Surplus Form and submit it to the Purchasing/Central Services Division for disposition instructions. A report will be maintained on surplus fixed assets to help identify those items which may be used/needed by other departments, and to create an inventory for those items which may be sold or disposed of at a future date.
- ii. The Purchasing/Central Services Division shall furnish a completed copy of the Fixed Asset Disposal/Surplus Form including disposition instructions to the department.
- iii. The disposing department must return a copy of the Fixed Assets Disposal/Surplus Form, with the disposal date, to the Purchasing/Central Services Division.
- iv. Upon receipt of the Fixed Asset Disposal/Software Form from the Purchasing/Central Services Division, the Finance Division shall enter the following information into the system for the disposed asset:
 - (1) Disposition code (ASSET NUMBER).
 - (2) Disposition date.
 - (3) Disposition amount.
 - (4) Disposition trade value.
 - (5) Disposition authorization.

f. ASSET TRANSFERS.

- i. If an asset is transferred from one location to another within a

department or from one department to another department, then the department who is transferring the asset must complete a Fixed Asset Transfer/Surplus Form and submit it to the Purchasing/ Central Services Division.

g. EMPLOYEES STEWARDSHIP OF PROPERTY AND EQUIPMENT OWNED BY THE CITY.

- i. It is the responsibility of all employees who control and operate property owned by the City to provide for its security and proper usage when it is in their possession. In the event that City property and equipment remains with an employee after business hours, it is their duty and responsibility to provide the proper security and protection of the property and/or equipment. Employees must take the necessary precautions against fire, theft, damage, and vandalism.
- ii. City-owned property should not be left in personal vehicles, if possible, during non-business hours. If theft or damage occurs to property owned by the city, it is the responsibility of the employee to immediately contact the proper authorities to report the theft or damage. The employee must notify their department/division heads as soon as possible, and may be responsible for the replacement of such property and/or equipment owned by the city.

h. PHYSICAL TAGGING OF ASSETS.

- i. Common sense is the best guide to placement of tag numbers, but use the following criteria as a guideline:
 - (1) Consistencies in tagging like items.
 - (2) Tag assets so that the tag will be visible when the asset is in a normal operating position. This eliminates the lifting of typewriters, computers and calculators to search for tags placed on the bottom, movement of adjacent file cabinets to view tags on their sides, and the opening of desk drawers to find tags placed inside. In other words, place the tag in a conspicuous yet protected location.
 - (3) Place the tag in a position, which is not vulnerable to being picked off by idle hands.
- ii. Items with an individual acquisition cost of \$5,000 or greater (or significant in nature as described before), require a tag. Tag placement must be such that it will not interfere with regular operation of the equipment, and, if possible, be placed in a conspicuous location.
- iii. Fixed Asset Examples.

Illustration of	Example of	Application of policy
Fixed Asset Purchase	A video camera is purchased for \$6,300 for the Cable Division.	This item is placed in the asset account; it is easily removable and is substantial in nature. The recorded value is \$6,300.

Distinction Between Fixed Asset and Maintenance Expenditures	A new radiator is installed in a 5-year-old auto for \$150.	This is ordinary maintenance as defined.
	A new engine is installed in the above vehicle for \$400.	The new engine replaces a part of the unit with one of like quality and is classified as maintenance, even though the useful life of the unit may have been extended.
	A new 5-ton crane costing \$5,500 is installed at the Yard, replacing an older 3-ton crane, which had originally cost \$1,000.	The expenditure is a betterment. Capitalize new item; write off replaced item.
Construction Work in Progress	On June 30, \$30,000 was expended in a Capital Project Fund toward construction of a park shelter.	The amount of expenditure at the close of the fiscal year is recorded in the fixed asset group of accounts.
Purchase of a Fixed Asset with Trade-in	A new scanner is purchased for the Clerk for \$5,500. The vendor allows \$500 for an old one, which had originally cost \$3,500.	The new asset is recorded at cost before the trade in allowance of \$500. The old asset is removed at its recorded value.
Sale of a Fixed Asset	The Public Works Dept. sells a truck, originally costing \$18,500, for \$6,000.	Assets sold must be removed from the fixed asset account at their recorded price regardless of the selling price.
Abandonment of a Fixed Asset	A rusty trailer purchased for \$5,000 was overloaded, broken, then disposed of with no salvage value.	Assets disposed of in any manner must be removed from the fixed asset group of accounts at its original recorded value.

~~**CITY OF WEST ALLIS FIXED ASSET DISPOSAL/ SURPLUS FORM**~~ (Submit this form to the Purchasing/Central Services Division) I hereby request the disposal of the following described asset: Asset Number/Department Equipment Number _____ Location/Assigned _____ Description 1 (primary) _____ Description 2 (Model #) _____ Serial Number _____ Other _____ Reason for Disposal: Replaced ___ Obsolete ___ Surplus ___ Non-Functional ___ Condition: Good ___ Poor ___ Scrap ___ Dollar Amount (if applicable) _____ Department Head

Signature _____ Date _____ * IF MORE THAN 1 ITEM WILL BE DISPOSED OF AS OF THIS DATE, PLEASE AFFIX A COPY OF THESE ADDITIONAL ITEMS AND THEIR DESCRIPTIONS (FROM ABOVE) TO THIS FORM. Approval is hereby granted for disposal of the above asset; method of disposal is as follows: Method _____ Amount (Est.) _____ Manager, Purchasing/Central Services

Signature _____ Date _____ The asset(s) described above has been disposed of in the following manner: Method _____ Amount (Actual) _____ Date _____ Individual Making the Disposal _____ Date _____

~~**CITY OF WEST ALLIS FIXED ASSET TRANSFER FORM**~~ (Submit this form to the Finance Division) The following described asset has been transferred as follows: Asset/Equip. Number _____ Location/Assigned From _____ To _____ Description 1 (primary) _____ Description 2 (Model #) _____ Is transfer within the department? Y/N Is Transfer To Become Surplus? Y/N If No, List New Department _____ If Surplus, List Location Asset Will Be Stored _____ Amount Received By Transferring Department _____ Amount Credited To The Department _____ Department Head Signature _____

Date _____ I hereby accept the transfer of the above asset and agree to the amount being charged to my account. Amount Paid By Acquiring Department _____ Account Charged To The Department _____ Department Head Signature _____ Date _____

~~**Effective Date: 10/5/93**~~
~~**Revision Date: 2/5/02**~~

PASSED AND ADOPTED BY THE CITY OF WEST ALLIS COUNCIL DECEMBER 13, 2022.


	AYE	NAY	ABSENT	ABSTAIN
Ald. Vince Vitale	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Tracy Stefanski	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Marty Weigel	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Suzzette Grisham	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Danna Kuehn	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Thomas Lajsic	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Dan Roadt	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Rosalie Reinke	<u> X </u>	<u> </u>	<u> </u>	<u> </u>
Ald. Kevin Haass	<u> X </u>	<u> </u>	<u> </u>	<u> </u>

Attest

Presiding Officer



Rebecca Grill, City Clerk, City Of
West Allis



Dan Devine, Mayor, City Of West
Allis

