

CITY OF HALLANDALE
ADMINISTRATIVE POLICY

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NO. 3005.001/R5

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SUBJECT: Capital Assets
Control

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APPROVED _____
D. Mike Good, City Manager

I. PURPOSE

The purpose of this policy is to provide procedures and responsibilities for capitalizing, record keeping, and controlling capital assets, including disposition and distribution of communication equipment during emergencies.

II. DEFINITIONS

Location Manager - Employee in each department who is responsible for capital asset reporting.

Capital or Fixed Asset - Physical property owned by the City and used in its operations having a unit cost greater than or equal to \$1,000.00 and an economic life greater than one year. Capital assets include land and improvements, easements, buildings and improvements, vehicles, machinery, equipment, works of art and historical treasures and infrastructure. Infrastructure assets are capital assets with a useful life of at least 10 years and a minimum cost of \$20,000 and should be budgeted as Capital Improvements in a 6600 series account. Examples of infrastructure assets include streets, sidewalks, bridges, seawalls, drainage systems, water & sewer systems, and lighting systems. Infrastructure assets do not include building, driveways, parking lots or other items that are incidental to property or access to property. All Closely Controlled Item, regardless of cost shall be tracked and inventoried as such.

Costs of normal maintenance and repairs are not added to the value of capital assets; however, major repairs or renovations which increase the efficiency or extend the life of a capital asset will be added to the capital asset cost. Such costs are to be reported to the Finance Department for assessment and possible inclusion.

Asset Maintenance Form - A form used to report transfers, disposals, surplus and lost or stolen capital assets to the Finance Department (Exhibit A).

Communication Equipment - Class of assets which include City owned radios, beepers and cellular phones.

Asset Register - Departmental listing of capital assets maintained on the HTE Fixed Asset system.

Closely Controlled Item - Assets which have special status for tracking and acquisition purposes and are specifically inventoried in the annual budget. Included is communication equipment, computer equipment, copy machines, weapons and autos/trucks.

III. POLICY/PROCEDURES

1. Finance Department Responsibility

The Finance Department is responsible for assuring that capital assets are recorded, tagged and tracked in accordance with Finance Department Policy FN-17.

2. Departmental Responsibility

Each department director is responsible for ensuring that:

- a. Transfers, disposals, surplus and lost or stolen capital assets are being reported to the Finance Department on a timely basis utilizing the Asset Maintenance Form (Exhibit A).
- b. Department/division location managers are responsible for conducting the physical inventory count upon notification by the Finance Department. Any discrepancies in the physical count must be properly documented by the location manager and submitted to the Finance Department for consideration. Closely Controlled Items must be inventoried annually and must agree to the Commission Adopted Budget document.
- c. When Closely Controlled Items are requisitioned, department directors must ensure delivery is requested to the Central Warehouse or I.T. in the case of computer equipment. No direct delivery to a department location is allowed for Closely Controlled Items unless specifically approved in advance by Finance.

- d. Prior to receiving any closely controlled item from the Central Warehouse or I.T., the department must surrender the old asset which is being replaced. Under no circumstances can a department keep an old asset as surplus equipment without specific documentation and approval by the City Manager.
- e. The I.T. Department is allowed to keep a reasonable surplus of computer equipment which can be used for training, redeployment, spares, backup, parts or in an emergency. This surplus equipment must be included in the quarterly inventory report submitted to the City Manager.

Central Services Department

The Central Services Department will be responsible for ensuring that:

- a. All purchase orders issued for capital assets are budgeted in the 6500 or 6600 capital account categories. During requisition processing, the Finance Department will review account coding to ensure compliance with this section.
- b. All purchase orders issued for Closely Controlled Items must have a delivery location of either the Central Warehouse or I.T. for computer equipment.
- c. Surplus communication equipment is properly maintained and inventoried as required for possible disposition during emergencies (see Section III (4)).
- d. Disposal or surplus capital assets which are sent to the warehouse for storage or sale/disposal must be approved as received on the Asset Maintenance Form.

Information Technology (I.T.)

The Asst. Director of I.T. must control delivery of computer equipment to ensure that all computer equipment is received by I.T. and that replacement equipment is not released until old equipment is returned.

3. General Procedures - All Departments

a. Capital Assets Additions

Capital assets must be budgeted in 6500 and 6600 Capital account categories. There shall be no purchase of a capital asset which was not included in the Budget unless specifically approved by the City Manager.

Capital assets cannot be purchased out of operating account categories 3200 through 3400.

When a capital asset is received by the location manager, the Finance Department will make arrangements to tag the asset within thirty days. For Closely Controlled Items, Central Services and I.T. Department must notify Finance immediately so that these assets can be tagged prior to distribution to departmental location managers. Upon payment of the invoice, Finance will record the asset into the HTE Fixed Asset System.

b. Capital Asset Disposals

A Capital Asset Maintenance Form (Exhibit A) must be completed by the location manager on a timely basis and returned to the Finance Department for disposal of assets. In the case of lost / stolen assets, a copy of the police report must be attached. Finance will update the system and return the acknowledgement to the requesting department. The I.T. Department will be notified by the Finance Department of any system's updates regarding the disposal of computer equipment.

c. Capital Asset Transfers

An Asset Maintenance Form must be completed by the location manager on a timely basis and returned to the Finance Department for assets which are moved to a new location or department. In addition, requests to transfer Closely Controlled Items must have the authorization of the City Manager prior to transfer. Finance will update the system and return the acknowledgement to the requesting department.

d. Capital Asset Physical Count

Periodically, the Finance Department shall distribute an asset register along with specific instructions for conducting the capital asset physical count. Each department/division location manager will be responsible for conducting the physical inventory count for purposes of verifying the assets of the City. The location manager is responsible for verifying the existence of each asset on their register, and for returning the register with adjustments to Finance within three weeks of receipt. The Finance Department will audit the department inventory by performing random test counts. Finance will review the completed department asset register and update the HTE system accordingly. Any assets which are added as a result of the physical inventory will be tagged in the usual manner.

Closely Controlled Item must be inventoried annually and agree to the City Commission Adopted Budget document. Any discrepancy in the physical count must be properly documented by the location manager and submitted to the Finance Department. The Finance Department must ensure all discrepancies are reviewed prior to correcting the system.

4. Control of Communication Equipment during Emergencies

- a. The Fire Department has the responsibility for control of communication equipment during emergencies (hurricanes, etc.). It shall be the Fire Department's responsibility to perform physical inventories of radio equipment utilized by the Emergency Operating Center. It shall be the Fire Department's responsibility for the collection and distribution of all portable radios utilized during the emergency.
- b. Refer to the City of Hallandale Policy 2008.004 and the City of Hallandale Emergency Procedures Manual for further information.

IV. ADDITIONAL INFORMATION, REQUIREMENTS AND RESPONSIBILITIES

The Finance Department will be responsible for modifications and updates to this policy, as required.

The Fire Department will be responsible for notifying the Finance Department of modifications and updates to Item III. 4., above, as the need arises.