

Town of Ulysses

Draft Capital Asset and Inventory Policy

1. Compliance with applicable laws; standards.

Procedures employed shall comply with all applicable laws and the requirements of the New York State Department of Audit and Control which are issued pursuant to § 36 of the General Municipal Law.

2. Purpose.

The Town Board of the Town of Ulysses adopts the following guidelines for the maintenance and accounting procedures of the inventory of fixed and grouped assets.

3. Adherence to policy required.

All departments, boards, commissions and officers who are authorized to purchase goods or are entrusted with the custody and maintenance of any Town property will adhere to the following procedures.

4. Classifications.

Each fixed asset shall be classified in one of the following major groups:

- A. Land.
- B. Buildings.
- C. Improvements to asset.
- D. Machinery and equipment.
- E. Infrastructure.
- F. Inventory (grouped asset).

5. Minimum standards for capital asset inclusion.

The minimum standards to be considered for inclusion for a capital asset are (set by resolution 2018-70):

- A. A capitalization threshold of \$5,000 for any individual (or items grouped in aggregate of a value of \$5,000 or more) and
- B. It has an estimated useful life of two years or more, and
- C. The physical characteristics of the asset are not appreciably affected by use or consumption.

6. Minimum standards for grouped asset inclusion.

The minimum standard for an item to be included in a grouped asset:

- A. The original cost was at least \$1000, or it is determined by the Town Property Manager or Budget Officer that maintaining inventory for the grouped asset is deemed beneficial for financial planning and/or reporting; and
- B. It has an estimated useful life of one year or more, and
- C. The physical characteristics of the asset are not appreciably affected by use or consumption.

7. Disposition of asset or grouped asset

If it is determined that an asset should be sold, scrapped, or donated, a resolution of the Town Board is required. A resolution is required for any grouped asset that is over \$1000.

8. Contents of records.

Records of assets shall be stored in a single data location that is considered the single source of truth for the asset data.

The records for all assets shall at least include:

- A. A description of the property that provides unique identification of the asset.
- B. The year of acquisition.
- C. The classification of the asset.
- D. The historical cost.

9. Designation of Property Manager.

The Town Board shall appoint a Town Property Manager, responsible for coordination of the development and maintenance of asset records.

10. Responsibility of department heads.

The head of each department shall be responsible, within his/her own department, for compiling or confirming inventory, confirming property records within the data location, preparing property acquisition or disposition documentation (i.e. preparing and ensuring a surplus resolution is provided to and passed by the Town Board prior to disposing of a Town asset) and transmitting inventory sheets and acquisition and disposition forms to the Property Manager.

11. Periodic Inventory

All single and grouped assets will be periodically inventoried as deemed necessary by the Town Property Manager, Budget Officer, Department Head or by law. Department Heads will submit asset data to the Property Manager in a method determined by the Property Manager to be the best method to ensure data integrity in the single data location.

Department Heads will:

- A. Provide a recommendation for equipment to be purchased in the next budget year, including a cost estimate and any other information required by the Board.
- B. Provide a recommendation of equipment to be surplus by resolution of the Town Board.

Upon receipt of the inventory records, the Town Property Manager shall review them for accuracy, and update Town records.

12. Valuation

All assets will be recorded at purchase cost unless acquired through gift, in which case the fair market value at the time of acquisition will be recorded.

- A. Appreciation. Should an asset appreciate in value, the Property Manager may want to note this fact in the data record for informational purposes. For example, this information will be useful in

determining insurance coverage. However, no increase will be recorded in the general ledger accounts.

- B. Depreciation. Depreciation is the loss in service value of an asset due to wear and tear and obsolescence. Depreciation is calculated recorded annually, to be included in the Town's AUD and audited financial statements.
- C. Replacement cost. For budgeting and insurance purchases, the Property Manager may want to maintain replacement costs for certain assets.

13. On-going Maintenance of Data Records

At the time of acquisition of an asset (whether through purchase order or donation) the Town Clerk's office shall enter all pertinent information into the data record as part of the vouchering process.

When property is disposed of, the Town Property Manager will update the asset record accordingly.

Property that is discovered to be missing or stolen should be reported immediately to the Supervisor and the Town Clerk for insurance notification. If not located, The Property Manager will update the data records accordingly.