

Town of Allenstown
New Hampshire

FINANCIAL POLICIES & PROCEDURES

Town of Allenstown, NH

Title

FIXED ASSET MANAGEMENT POLICY

<i>Policy No</i>	<i>Original Adoption Date</i>	<i>Revision - No. & Date</i>	<i>Page No</i>
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Section 1.0: Purpose

The Fixed Asset Management Policy provides direction for the management and control of property owned by or in the custody of the Town of Allenstown. In addition, the policy assists the Town in meeting its responsibility to comply with Federal property standards and the requirements of other sponsors when they support the acquisition of equipment under their awards.

Section 2.0: Organization Affected

This policy applies to all departments, boards, commissions and any other organization that is under the control of the Board of Selectmen. This policy may also be adopted by other town departments, boards, commissions and other organizations that do not come under the control or supervision of the Board of Selectmen. Examples would be the Allenstown Sewer Department and Allenstown Library.

Section 3.0: Definitions

Fixed Assets: Property that is owned by the Town that has been acquired during the normal course of business, which includes but is not limited to land, buildings, machinery, equipment, furniture and fixtures.

Capitalized Fixed Assets: Fixed assets whose acquisition cost is greater than or equal to \$5,000 and whose useful life is more than one year.

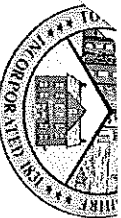
Inventoried Fixed Assets: Fixed assets whose acquisition cost is at least \$500 but less than \$5,000 and whose useful life is at least one year.

Custodian: The person who is responsible for the care, custody, control and security of a Fixed Asset.

Acquisition Cost: The net invoice price of assets including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make equipment operable. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included in the acquisition cost.

Depreciation: The allocation of the total acquisition cost of a fixed asset over its estimated useful life.

Acquisition Date: The date that the town takes possession of a fixed asset.



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Fair Market Value: The price at which a willing buyer and a willing seller settle a sale. Recent transactions or advertisements can be used as an estimate of fair market value.

Tag: To place a Town of Allenstown control number on a piece of equipment or property.

Transfer of Assets: The movement of equipment from one department to another based upon assigned use or reassignment of the user.

Surplus Assets: Assets that are considered to have no useful value to the department and may be reissued to other departments upon request, sold, granted to another entity or used as trade for other items.

Junked Assets: Assets that have no useful value to the department and may be used for parts or disposed of.

Missing asset: Any asset that is not found during the physical inventory process and for which documents have not been forwarded to the Controller's Office for transfer or disposal.

Controller: Person assigned to manage the Fixed Asset Accountability program for the Town.

Grants and Contract Officer: Person responsible for administering a grant or contract for a particular fixed asset.

Section 4.0: Policy

Fixed Asset Valuation

Land is recorded at the purchase price plus additional costs such as legal and recording fees, surveying fees, damage payments, and land/site improvements that ready land for its intended use and produce permanent benefits. Land is treated as a fixed asset regardless of its cost.

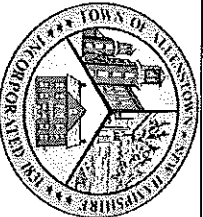
Buildings are valued at the purchase price or construction cost. Cost should include all charges applicable to the building (i.e. broker's fees, architect's fees,) and permanently attached fixtures to the building (i.e. heating and ventilation systems).

Machinery and equipment, furniture and fixtures, and all other items not identified in any of the above listed categories are recorded at acquisition cost.

Donated fixed assets are recorded at the fair market value on the date of donation.

Identification

A numbered tag identifies items recorded in the fixed asset system. Maintaining a positive identification of assets is the primary purpose of tagging. Fixed assets must be



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tagged to provide an accurate method of identifying individual assets except as provided in this policy; aid in the taking of a physical inventory; control the location of all physical assets; and provide a common reference for particular assets. The following items will not have an inventory tag; land, buildings, roads, utility lines and vehicles. Vehicles are recorded in the system using their VIN (Vehicle Identification Number).

All fixed assets must be assigned a Town of Allenstown property tag number except as provided above. The Controller is responsible for the assignment. The Town tag must not be removed. If a Town tag number is accidentally or mistakenly changed, defaced or removed, it should be reported to the Controller's Office immediately.

Capitalization

Certain items purchased by the Town and/or donated to the Town have a significant cost and a useful life of more than one year. Therefore, these items are recorded as capitalized fixed assets and depreciated, except for land, over their estimated useful life.

The Town of Allenstown capitalizes fixed assets having an acquisition cost of \$5,000 or more per unit cost and an estimated useful life of more than one year. All fixed assets meeting this definition are treated as capitalized fixed assets.

All personal computer system packages with an acquisition cost of \$1,000 or more are to be recorded on the equipment inventory. PC system packages consist of a central processing unit (CPU), system software, and all accessories necessary to make the property operable. The value of computer monitors purchased with PC systems should be capitalized as part of the system also.

Equipment or furniture purchased in conjunction with a building renovation, a new program but not having a unit cost of \$1,000 or more should be capitalized as a group purchase at the acquisition cost of the total group.

Inventoried fixed assets are not capitalized but are recorded in the fixed asset system.

Depreciation

All depreciation and amortization calculations should use the "straight line" method. For financial statement purposes depreciation expense for an asset will be prorated for the number of months in service in the year of acquisition or project completion, and in the year of the asset's disposal, based on the number of months in service. Land is not depreciated.

Expected useful life of asset categories include:

Acquisition of buildings-purchase or construction: 40 years

Building Improvements: 30 years

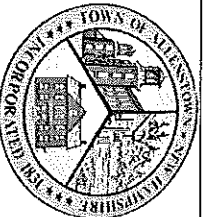
Land Improvements: 40 years

Vehicles: 5 years or as applicable

Computer software, hardware and related accessories: 3/5 years

Library Books: 12 years (excluding electronic versions)

All furnishings and equipment not specifically defined in other classifications: 10 years



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Each department head and custodian is responsible for safeguarding all assigned assets. The Controller's office will conduct a physical inventory of fixed assets annually.

Transfer of Assets

When a department has equipment for which it no longer has a need, but another department within the Town may make use of the equipment, it may be transferred from one department to the other using the Transfer/Disposal Form for Furniture and Equipment. If the equipment is purchased with Grants and Contracts funding, the approval of the Grants and Contract Officer is required before the equipment is transferred to other agencies or off-site locations.

Disposal of Assets

Whenever the custody of the fixed asset changes due to the item being surplus, returned to vendor, or junked, the responsible department must complete the Transfer/Disposal Form for Furniture and Equipment. Regardless of cost, all Town property must be disposed of by completing the disposal form. Disposed assets may be 1) given away to non-profit organizations, 2) sold to the general public or employees or 3) junked. This process is conducted and managed under the direction of the Controller.

Under no circumstances should individuals or departments remove Town property tags and/or dispose of any fixed assets belonging to the Town without adhering to disposal policies. The Controller will record an asset disposal when a properly completed and signed Transfer/Disposal Form is received. *Individuals or departments are not permitted to sell Fixed Assets unless they are doing so under the direction and approval of the Controller.*

Assets Lost or Stolen

If any Town of Allenstown property has been stolen, the supervisor must notify the department head immediately. If the equipment has not been recovered within 30 days, a Transfer/Disposal Form must be completed and returned to the Controller. If missing equipment is subsequently located, the department must send written notification to the Controller. The Controller will record missing assets as disposed on the fixed asset system within 30 days if the appropriate departments/personnel are unable to locate the missing items for his/her department. The Controller will notify the Board of Selectmen of such entries when they occur.

Section 5.0: Procedures

1. All fixed asset purchases should follow normal procurement policies and procedures. Refer to the Purchasing Policy for guidance.
2. Invoices should be sent to Accounts Payable and all appropriate documentation (i.e. requisitions, purchase order) must be attached.
4. The Controller will review all invoices to determine which items classify as capitalized fixed assets and/or inventoried fixed assets.



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5. The Controller will record the purchase in the fixed asset system.
6. All other accounting entries such as capitalization and depreciation entries will be made by the Controller.
7. The Controller will forward to each department head inventory worksheets listing all tagged assets with instructions for completing the physical inventory. This inventory will be completed once each calendar year. Any non-compliant department will be reported to the department head for appropriate follow-up and action. Department heads have 30 days to come into compliance. If a department head is still not in compliance the Controller will report the non-compliance to the Board of Selectmen.
8. After completion of the physical inventory, a reconciliation of missing items shall be conducted by the Controller.
9. Appropriate Transfer/Disposal Forms must be completed at the time inventory items are moved from one department to another. The department must initiate the process and provide the original form to the Controller.
10. Lost or stolen assets must be reported to the immediate supervisor and the department head. A Transfer/Disposal Form must be completed once the disposition of the asset is determined.
11. The Controller will remove missing items from the inventory within 30 days of notification from the department head.


SANCTIONS: Failure to comply with this policy may result in disciplinary actions as set forth in Town's policies and procedures.

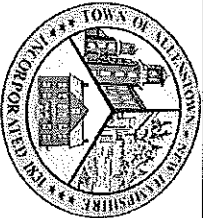
EXHIBITS: Transfer/Disposal Form for Furniture and Equipment

Section 6.0: Implementation

To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to all department heads, employees, volunteers, board and committee members, appointed or elected to office and at such other times as may be necessary.

Section 7.0: Signature

Position	Signature	Date
<u>Original Policy</u> <u>Prepared By:</u> Kelley Collins		11/2/2009
Administrative Assistant		



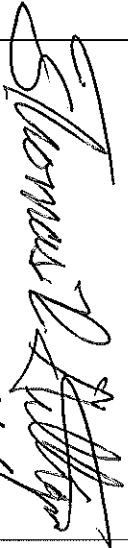

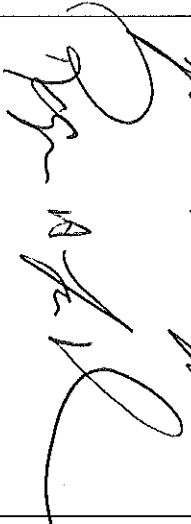
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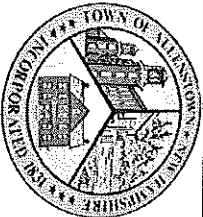
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<u>Original Policy Reviewed & Approved By:</u>			
Tom Gilligan	Board of Selectman Chairperson		11/2/2009
Jason Tardiff	Board of Selectman		11/2/2009
Roger LaFleur	Board of Selectman		11/2/2009



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Section 8.0: Policy & Procedure Revision History

		Approvals	
Section	Changes Made	By	Date
Original Adoption		Tom Gilligan Roger LaFleur Jason Tardiff	11/02/2009
Amendment			
Amendment			
Amendment			

TOWN OF ALLENSTOWN TRANSFER/DISPOSAL FORM FOR FURNITURE, EQUIPMENT AND VEHICLES

Department: _____

Requested By: _____

Date: _____

Request Pick-up Date: _____

Approval: _____

Date: _____

Instructions: Complete sections 1-4, and 5 where applicable. Forward form to the Administrative Assistant.

1. GENERAL DESCRIPTION MODEL OR BRAND	2. TOWN TAG #	3. TRANSFERRED/MOVED		4. REASON			5. TRADE/ SOLD		USEFUL LIFE
		FROM DEPARTMENT	TO DEPARTMENT	OBSOLETE	NOT NEEDED	DAMAGED	TO WHOM	SALE PRICE	

Accounting Office Use Only:

Lost/Stolen: _____

Date Moved: _____

Report Date: _____

By Whom: _____

Federal Funds: Yes: _____ No: _____

Disposal Date: _____

Grant Name: _____

Grant #: _____

Disposition Costs &
Salvage Value: _____

Approved: _____
Controller (Date)

Recorded:
Name: _____
Date: _____

TOWN OF ALLENSTOWN ASSET INVENTORY FORM

DEPARTMENT: _____

DATE: _____

General Description	Brand Model	Date Purchased	Cost	ID # Serial #	Warranty Y or N

Person Completing Form: _____

Department Head Signature _____

Date: _____