



Document: **Fixed Assets Policy**

Amended: **September 18, 2008**

Whatcom Council of Governments (WCOG) Fixed Assets Policy

1. Policy

The Whatcom Council of Governments (WCOG) will maintain a fixed asset accounting system and accountability of all fixed assets purchased, constructed, donated, transferred, sold, junked or surplused. WCOG will also maintain a listing of small & attractive assets and accountability of all small & attractive assets purchased, constructed, donated, transferred, sold, junked or surplused.

2. Purpose

To establish the policies and procedures under which the WCOG's fixed and small & attractive assets will be recorded and maintained in an asset database and to provide current data required for:

- Preparation of financial reports
- Adequate insurance coverage
- Compliance with the WA State Auditor's Office

3. Definitions

Fixed Assets: Equipment costing more than \$5,000, including shipping, tax and installation, with a life expectancy of more than one year is a fixed asset. All fixed assets are tagged and listed on the equipment inventory.

Small & Attractive Assets: Items where the unit cost is between \$250 and \$5,000 and the useful life is greater than two years and the item is theft-sensitive are small & attractive assets. Theft-sensitive items can easily be moved – computers, calculators, cameras, etc. Determination of small & attractive assets may be at the discretion of the Executive Director or his designee.

Software: Software purchases are considered fixed assets due to required licensing agreements for initial and upgrade versions. It will be the responsibility of the Executive Director or a designee to document and monitor software location and installation.

4. Real Property

The WCOG does not own any real property. Upon occasion they may make leasehold improvements to property leased or rented from others. Title to leasehold improvements transfers to the real property owner upon expiration of leasing/renting period.

5. Equipment

Title

Subject to the obligations and conditions set forth in this section, title to equipment acquired with federal or state funds will vest upon acquisition in the WCOG.

Use

Equipment may be used by WCOG in the program or project for which it is acquired as long as needed, whether or not the program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.

- WCOG shall also make equipment available for use on projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to programs or projects supported by the original awarding agency.
- WCOG must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private sector companies that provide equivalent services, unless specifically permitted by federal statute.
- When acquiring replacement equipment, WCOG may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency if the current per-unit fair market value of the trade-in property is \$5,000 or more.

6. Procedures

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

Property records must be maintained that include:

- A description of the property
- A serial number or other identification number, if available
- The funding source(s) of the property
- Who holds title
- The acquisition date and cost of the property

- The location, use and condition of the property
- Any ultimate disposition data including the type and date of disposal and value of the property at disposition.

A physical inventory of the property must be taken and the results reconciled with the property records at least every year.

7. Disposition

When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by federal or state funds, disposition of the equipment will be as follows:

- Items of equipment with a current per-unit fair market value of less than \$5,000 may be disposed of with no further obligation to the awarding agency.
- Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the fair market value or proceeds from sale by the awarding agency's share of the equipment.

8. Supplies

Title

Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in WCOG.

Disposition

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federal or state sponsored programs or projects, WCOG shall compensate the awarding agency for its share.

9. Copyrights

The federal or state awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal or State Government purposes:

- The copyright in any work developed under a grant or subgrant
- Any rights of a copyright to which WCOG purchases ownership with grant support

10. Inventory

The WCOG will conduct a complete physical inventory of its equipment every year. The inventory will be supervised by the staff member responsible for the inventory.

The staff member responsible for maintaining the inventory will determine who will be responsible for taking the inventory; determine how to handle items in existence but not on the list and items on the list but not located; and establish how to evaluate and record observations about the physical condition of assets.

11. Surplus Equipment

When WCOG determines that items with remaining useful life are no longer needed for use within WCOG, the items will be sold to another government entity for fair market value or sold at public auction.

Revenues generated from disposal of surplus equipment will be used to support on-going WCOG programs.

12. Donated Assets

Assets donated to the WCOG are to be handled the same as new purchases. All new acquisitions are to be tagged and information entered into the inventory before items are delivered to final location.

13. Improvements/Repair and Maintenance Expenditures

Routine repair and maintenance costs are to be expensed as they are incurred. Major repairs which would extend the life of listed equipment are to be reflected on the inventory. Information which identifies the type of repair, date of repair, total cost and funding sources must be added to the inventory.