

INVENTORY OF EQUIPMENT

I. PURPOSE

The following guideline establishes procedures for the maintenance of an inventory system capable of accounting for the City's assets in a manner consistent State Law. Information relating to new equipment acquisition and initial system entry, interdivisional transfers, retirements (including salvage sales) and periodic physical inventory processes is set out here in.

II. RESPONSIBILITY

- A. Accountability for all assets acquired with City fund rests with the City Manager.
- B. The Finance Department is to maintain City-wide inventory records, coordinate physical inventories and have inventory reports available at the Department's request in the financial accounting software.
- C. Each Department Director is responsible for requisitioning equipment as approved in the Annual Budget. In addition, they must maintain equipment in serviceable condition, prepare documents required to transfer equipment, supervise and certify authenticity of annual inventory and be held accountable for any equipment that is missing.

III. POLICY

In compliance with Act 159 of 1973, the 'Arkansas Municipal Accounting Law, establishing minimum accounting systems, the Finance Department must report an itemization of all City-owned fixed assets. The report must, at minimum, reflect a property item number, description, serial number (if available), property location, date of acquisition, vendor and cost of the property.

Fixed assets include all items having a value exceeding \$5,000.00 and a useful life greater than one (1)-year (i.e., vehicles, air conditioners, etc.). Any asset purchased meeting this criterion shall be coded to the appropriate 70000 account series. In addition, purchased equipment having a value of over \$500.00 should be inventoried, if meeting the above life expectancy and/or theft susceptibility requirements (i.e., computers, hand guns, etc.).

Reporting requests made by the City's independent auditors shall be complied with. The Finance Department will coordinate an annual physical inventory designed to verify past documentation of transactions. The annual physical inventory shall be conducted during the third and/or fourth quarter of each year. The Finance Department shall make inventory reports available through the financial accounting software at the Department's request.

IV. PROCEDURE

- A. Acquisition of Inventoriable Assets: Inventoriable Assets will be purchased in accordance with the Purchasing Requisition Procedures Manual. All equipment purchased and charged to the 70000 series of accounts must be budgeted and named on the current year capital items list. An Equipment Receipt Form (ERF) is required for all inventoriable items purchased. The form will be submitted to the Finance Department Fixed Asset Accountant. Every item added to the inventory is to be tagged with a unique number by the Finance Department. If an item is incapable of being tagged, a special property identifier code will be assigned to it.
- B. Interdivisional Transfers: When equipment is transferred from one division to another, the initiator will complete an Asset Transfer Form (ATF). The ATF is to be executed by the initiating and receiving Department Directors prior to submission to the Finance Department for system entry. Each transacting division will retain one (1) copy, with the original being sent to the Finance Department. Copies of ATFs should be retained by each division pending receipt of a physical inventory listing from the Finance Department where the property transaction recording can be verified. Where a large number of items are transferred simultaneously to a common recipient, they may be listed on a separate sheet or memorandum indicating each item's property number, description and serial number. Attachment of the signed ATFs with reference to the list of equipment will then suffice.
- C. Deletion of Assets: Assets which are stolen, lost, destroyed or otherwise unusable and without economic value will be removed from the inventory. When a Department disposes of any such inventoried asset, the disposition must be documented by sending a completed Property Control Record (PCR) to the Finance Department. The PCR must describe the item and give the reason for its retirement.
- D. Physical Inventory: All Departments will conduct annual inventories during the third and/or fourth quarter of each year. The Finance Department shall distribute inventory listings for each division to the respective division managers. Division managers shall supply a list of any qualifying assets under their control which are not shown on the listing. Items appearing on the listing which cannot be located are to be lined through with a brief reason for the deletion annotated in the listing margin. The appropriate asset forms (ERF, ATF or PCR) must

accompany the inventory listing in order for any changes to be made. The confirmed inventory lists are to be signed, dated and returned to the Finance Department no later than one (1)-month after distribution. The Finance Department shall make indicated record adjustments. Adjusted inventory reports are available for distribution to Departments upon request.

Approved:

A handwritten signature in black ink, appearing to read "Bruce T. Moore", is written over a solid horizontal line.

Bruce T. Moore
City Manager