

Board of Aldermen Committee Minutes

Date: 6/17/14	Chair: Siliski	Convened: 6:02	Adjourned: 6:19
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Committee	☐	Charter & Ordinance	☐	Public Safety
	☐	Community Development	☐	Public Works
	X	Finance	☐	Recreation
	☐	General	☐	Special Liquor
	☐	Intermunicipal	☐	Tax Abatement

Committee	☐	Dave Allaire	x	Melinda Humphrey
Members	x	Chris Siliski	☐	William Notte
Present	☐	Gary Donahue	☐	John Cassarino
	☐	Sharon Davis	x	Ed Larson
	☐	Tom DePoy	☐	David Wallstrom
	☐	Jon Kiernan		

Others	x	Dave Allaire	☐	Gary Donahue	x	Treasurer Wilton
Present	☐	Chris Siliski	☐	William Notte	☐	City Attorney Romeo
	☐	Charles Romeo	☐	John Cassarino	☐	
	☐	Sharon Davis	☐	Ed Larson	☐	
	☐	Tom DePoy	x	Jon Kiernan	☐	
	☐	David Wallstrom	☐	Mayor Louras	☐	

Motions/Discussion

Fully Depreciated Assets, FY 2014 (May 21, 2014 letter from Treasurer to BoA in packet)

Currently the city carries a balance of appr. \$50 million in capital assets (physical purchases of more than \$5,000) on its balance sheet.

It also carries appr. \$20 million in "fully depreciated" assets on its balance sheet.

Given the math, this is appr. \$30 million in net asset value which the city "has" on its balance sheet.

Over the past few years, according to Treasurer Wilton, the Treasurer's office has paid great attention to identifying and properly recording capital assets, as well as setting up systems and policies to maintain improved control. Through a great deal of research via insurance claims, past purchase orders, etc., they have identified a long list of assets (as presented in the above mentioned letter) that have been fully depreciated and, in many respects, no longer hold value for the City. It was thus requested to "write-off" these

"assets" to make better the true representation of the city's finances to the public. The items identified have an original capital basis of \$543,693. By writing these off, the capital assets and fully depreciated assets referenced above would go down by the same amount; however the current net asset value, given the subtraction involved and the fact that the assets hold no "real" value, as they have been fully depreciated, would stay the same.

Questions asked of the treasurer included:

1. How this particular list of assets was developed (selected).
2. Aren't there other assets fully depreciated that should be included, e.g. old fire trucks, etc. from areas different than those listed in the letter, i.e. water, sewer, etc.
3. Why is this happening now with such an extensive list, and should the BoA expect subsequent requests to be presented in the future.

Regarding #1, the city's audit a few years back cited the issue and, as mentioned above, the Treasurer's office has worked to identify the items through research.

Regarding #2, Treasurer Wilton referenced that this was the result of the office's first attempt. She expects one or two more subsequent requests to be made over the coming year or two.

Regarding #3, Treasurer Wilton said that a system has now been in place to electronically maintain and oversee updates to capital asset tracking, depreciation and write-offs. Thus, once all research is complete, any future requests should come during the year-end close out process. As an example to the improved system, she cited her office becoming aware of the recent Bear Mountain transactions as it reviewed capital purchases and expenditures (line items) over \$5,000.

It was noted that the City depreciates assets via a straight line method based on expected, useful life.

A motion was made (Larson) to: "have the full BoA approve a write off of \$543,693 from the capital asset account".