1 Purpose
The purpose of this section is to establish organizational responsibilities of City departments and managers for fixed asset management, control, accounting, and record keeping and to define fixed assets and controlled items and the guidelines for their capitalization.

2 Objectives
The objectives of this document are as follows:
• To ensure consistent Citywide procedures for fixed asset accounting, management, control, and accountability
• To ensure that management has adequately minimized risk to assets through internal controls
• To ensure proper financial accounting and reporting in accordance with Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), the National Association of Regulatory Utility Commissioners (NARUC), and other applicable government accounting standards

3 Scope
This procedure applies to all City departments and City employees, regardless of classification or function. All City managers and employees shall exercise the utmost care and diligence in the use, maintenance, and protection of all public assets.

4 Responsibilities

4.1 City Controller
• Maintains the financial accounting records and reports on these resources on behalf of the citizens.
• Manages the assets assigned to the Controller’s Office.
• Establishes general ledger accounts for major asset classes, including applicable depreciation according to established guidelines.
• Establishes fixed asset accounting and financial reporting policies that conform to GAAP.

4.2 Director of The Finance Department
• Establishes a fixed asset management program within The Finance Department (FIN) to coordinate the development and dissemination of fixed asset policies and procedures and to facilitate all of the necessary activities to establish asset accountability.
• Manages the assets assigned to FIN.
• Provides central administration and support for a standardized Fixed Asset Management System (FAMS) capable of producing consolidated Citywide management reports.
• Assists in meeting the administration’s custodianship responsibilities.
• Issues a manual containing Citywide fixed asset accounting and management procedures and revises the manual as necessary.
• Establishes within the department a disposal operation to assist City departments in the removal, redistribution, and sale of surplus assets.

4.3 Department Directors
• Serve as custodians of the fixed assets and low value assets, including land, land improvements, buildings, machinery, and equipment (including rolling stock), that are assigned to their departments.
• Ensure full departmental compliance with the established fixed asset accounting policies and procedures, as promulgated by the Mayor, the City Controller, and the Director of The Finance Department or their设计eees, in order to maintain adequate records of the City’s fixed assets and controlled items.
• Designates a Department Fixed Asset Coordinator (DFAC). The DFAC must be a manager within the department in the position of Division Manager or above. The appropriate level of management will be based upon the size, value, complexity, and nature of the departments’ fixed assets.

4.4 Department Fixed Asset Coordinator (DFAC)
The DFAC is responsible for managing the fixed asset records in accordance with FIN’s established procedures.

5 Acquisitions
Departments will identify and record all fixed assets and controlled items in the appropriate asset management system. Cost by funding source will be recorded with each asset record. Fixed assets and controlled items, including purchases, capital leases, construction, improvements, donations, eminent domain, or annexation, will be recorded regardless of acquisition type.

Identification and tagging of assets will take place in accordance with the following guidelines:
• It is the department’s responsibility to assign, record, and affix identification numbers (tags) to all fixed assets and controlled items except vehicles. Fleet Management will assign shop numbers to all vehicles.
• All fixed assets and controlled items will be assigned an asset number upon receipt and before the item is placed into service.
• The department will affix tags to an asset in a conspicuous and convenient location.
• Tags will remain on the asset throughout the life of the asset. Damaged tags will be replaced as needed.

6 Transfers

6.1 Transfer of Assets
The transfer of assets will take place in accordance with the following guidelines:
• Both the transferring and receiving department or section will appropriately account for fixed asset transfers. This applies to transfers between departments (interdepartmental transfers) or within departments (intradepartmental transfers).
• The transferring and receiving department directors will approve interdepartmental transfers.
• Once a transfer has been completed, the receiving department will confirm asset transfer information. For intradepartmental transfers, the department is responsible for recording information related to the transfer and for updating the FAMS record.

6.2 Transfer of Federal or Grant Funded Assets
It may be necessary to obtain specific grantor approval prior to the transfer of federal or grant funded assets when it is determined that the fixed asset is no longer needed for the original grant purpose. Guidelines for the transfer of grant funded assets, as outlined in the Office of Management and Budget (OMB) Circular A-102, will apply.

7 Retirements and Disposals
Departments will identify and record all fixed assets and controlled items that are removed from service, retired, and disposed of. All assets that are sold, exchanged, traded, stolen, damaged beyond repair, worn beyond utilization, cannibalized, or in any other way removed from service will be reported as retirements in the current fiscal reporting period. All disposals and retirements for fixed assets, controlled items, and other City property will be performed in accordance with asset management guidelines and procedures established by the Director of The Finance Department or a designee.

8 Asset Inventory
Departments will conduct a full inventory of all property under their stewardship, in accordance with the inventory schedule developed by FIN, and will provide the results of that inventory to the Director of The Finance Department or a designee. Should reconciliation of the asset counts and the fixed asset system reveal discrepancies, it will be the department’s responsibility to locate assets and reconcile all discrepancies.
The Director of The Finance Department or a designee will produce a Citywide inventory report and provide this report to the Mayor and the City Controller upon request.

9 Annual Financial Reporting
The Director of The Finance Department or a designee will present a schedule of general fixed assets to the Controller’s Office in accordance with the established fiscal year-end close schedule and will comply with the reporting and disclosure requirements of current GAAP for governmental entities.

10 Records Maintenance
Fixed asset records will be a complete and accurate accounting for fixed assets of significant value and are fundamental to sound financial management. The responsibilities of stewardship involved in safeguarding such a large public investment is of the utmost importance. This responsibility can only be discharged effectively through adequate fixed assets accounting and control. Fixed asset records will be maintained for the life of each asset and retained in accordance with the requirements of the City for the retention of accounting records.
11 Definitions

Capital Asset – Any fixed asset with an original cost equal to or greater than $5,000. These items have significant value and will be capitalized.

City Property – All property owned by the City, whether purchased, leased, confiscated, donated, received by eminent domain, constructed, or annexed. City properties may include supplies, real property to be sold for delinquent taxes, police property, lost and found items, scrap materials for recycling, capital assets, and controlled items.

Fixed Asset – Items of property that are tangible or intangible in nature; have significant value; have an economic useful life longer than 1 year; maintain their identities, either as separate entities or as identifiable components; are not repair parts or supply items; and are used in the conduct of City activities.

Low Value Asset – A property item that meets the criteria for a fixed asset but with a value less than $5,000 and equal to or greater than $2,500. These items will be subject to department’s management control.

Infrastructure – Long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include, but are not limited to, roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

Personal Property – All tangible property other than real estate, such as furniture, fixtures, movable equipment, materials, and supplies.

Real Property – All real estate assets, including land, buildings, and improvements to land or buildings. In legal terminology, land and items growing on, permanently erected on, or affixed to the land; also, rights to use land.
This page is intentionally left blank.