

CONTROLLER'S OFFICE
FIXED ASSETS PROCEDURE

OVERVIEW:

Each agency or department is responsible for ensuring that fixed assets acquired by the City are properly accounted for when acquired, inventoried and safeguarded throughout its useful life, and properly accounted for at the time of disposal.

It is the City's accounting policy that real and capitalized personal property be recorded in the **General Fixed Asset Account Group (GFAAG)** for governmental fund agencies and the individual funds for proprietary funds. Capitalized, controlled and tracked assets will be recorded in the **PeopleSoft Asset Management (PS AM)** system. An agency may also wish to track other items on its own that are not tracked in PS AM.

The authority and responsibility for surplus personal property rest with the Manager of General Services pursuant to Charter Section A12.3-3, and Executive Order No. 24, "Surplus Property and Unclaimed Property Control and Disposition". With regard to lost and confiscated property and its disposition, authority rests with the Manger of General Services and Manager of Safety or Manager of Finance, pursuant to RMC Sections 42-76 to 42-86.

The Controller's Office reserves the right to audit agency fixed asset inventories and related records at any time.

General Procedures

Inventory Custodian

1. Agency heads are responsible for appointing a custodian and notifying the Controller's office via the **Fixed Asset Inventory & Surplus Signature Authorization Form**. The same form shall be used to notify of any future custodial changes.
2. If an agency operates at various locations, then the agency head may delegate responsibility to personnel at the satellite locations.
3. The inventory custodian is responsible for ensuring that documentation regarding asset transactions such as additions, transfers, and surplus is submitted to the Controller's office for input into PS AM.

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Asset Identifying Information and Forms

1. All personal property assets must be assigned a unique identifying number or "Tag Number" and this number must be affixed to the asset. The Tag Number follows the format of 12-digits in length beginning with the agency Accounts Payable Business Unit, for example AUDIT0000012. Tag Numbers should be assigned sequentially or logically to ensure that no number is duplicated. Missing or worn tags shall be replaced and can be obtained from Central Services (Form C-88).
2. All assets must be assigned a Location Code, which identifies where the item is physically located. The locations should correspond with existing location codes in the PeopleSoft location table.
3. If a new location code needs to be created or an existing code needs to be updated the custodian shall submit a **Location Add/Change/Inactivate Inventory Form** to the Controller's Office. This applies only to location codes set up strictly for asset purposes. All other location code requests and updates must be sent to Purchasing.
4. Information for asset additions must be provided to the Controller's Office using the **Asset Input Form**.
5. Changes to asset information other than interagency transfer or disposal must be submitted using the **Asset Change Form**.
6. Interagency transfers or disposals of assets shall be reported using the **Transfer of Surplus Property (Form 13 GS)**. Intraagency transfers for large agencies, such as Public Works, Parks & Recreation and Department of Safety, will also require a **Transfer of Surplus Property (Form 13 GS)**.

Budgeting

1. Capital fixed assets (*historical cost of \$5,000 or more*) shall be budgeted and paid for against the 800000's account series.
2. Controlled and tracked assets (*historical cost below \$5,000 but at least \$500*) shall be budgeted and paid for against the 780000's account series.
3. All other items an agency wishes to track that are not tracked in PS AM shall be budgeted and paid for against an appropriate 600000/700000's account series other than the 780000's account series.
4. Ordinances approving purchases over \$50,000.00 must be obtained from City Council.

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Requisition

1. When preparing the requisition for a fixed asset, the agency must determine whether the asset is capital, controlled or tracked, and allocate the charges to the appropriate account codes.
2. When the account code is assigned to the purchase order, it can only be changed at the payment request stage after a **Contract Encumbrance Request** or a **Change Order Template** has been processed.

Purchasing

Prior to changing the fixed asset requisition to a purchase order, the Purchasing Division must also review and ensure that the charges are appropriately coded according to the fixed asset guidelines.

Payment

1. A completed **Asset Input Form** shall be attached to all payment requests for each asset that is to be recorded in PS AM (with the exception of payments for CIP). This shall be coordinated between the inventory custodian and the accounting personnel responsible for preparing and submitting voucher payments
2. For PO vouchers, the chartfield string indicated on the payment request must match that of the Purchase Order.

Recording the Asset

1. All Real and Personal Property assets shall be entered into PS AM by the Controller's Office.
2. The asset record for personal property will include information from both the **Payment Request** voucher and the **Asset Input Form**.
3. Assets are assigned to agencies by the ORG indicated on the **Asset Input Form**. The inventory custodian must determine at the time of purchase who (which agency/department) the asset will belong to and indicate such on the form in the Custodian Org field. If the Custodian Org is the same as the voucher Org then the field may be left blank. If it is different it is imperative that the proper ORG be indicated. Failure to do so will place the asset on the wrong agency's inventory.

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4. When purchasing items piecemeal (various components of one unit purchased separately), the item shall be recorded on the PeopleSoft Asset Management system in total as one unit. An example of a piecemeal asset is a stand-alone computer where component parts such as the monitor, mouse, CPU, printer, etc. may be separately purchased, all of the separate parts are considered one unit and shall be recorded as such; in this example a computer.
5. In the case of multiple vouchers used to purchase one item, the **Asset Input Form** shall be attached to the initial **Payment Request** for the amount of the voucher. Any succeeding payment shall also include an asset input form for the added value amount of that voucher.
6. When purchasing assets that have interchangeable components, such as modular furniture, all of the components shall be recorded as one unit. Such a system of components can be for a single location or broken down by areas within a location. When a component of a system is replaced, the replacement item shall be expensed. If the agency adds additional units to an existing system, then the cost of the new components shall be added to the cost of the existing unit. The **Asset Input Form** should include in the comment section how many individual units are to be accounted for.
7. The PS AM system will maintain depreciation schedules for all depreciable (capital) assets. Straight-line depreciation is the generally accepted method used for City assets. A useful life is automatically assigned to an asset by the account code. An **Account Code Table** providing descriptions and useful lives is included at the end of this document.

Asset Transfers

1. To transfer assets directly from one agency to another a **Transfer of Surplus Property (Form 13 GS)** is to be completed, with details regarding the assets being transferred, and sent to General Services Purchasing. If Purchasing approves the transfer, the form will be signed and copies will be routed back to the agencies involved and to the Controller's Office as well.
2. The Controller's Office will record the transfer in the Asset Management system after receiving a signed copy of the **Transfer of Surplus Property (Form 13 GS)** from Purchasing.
3. Agency management shall maintain written procedures for the transfer of assets within the agency, for example one location to another, or one employee to another.

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Surplus Assets

1. Items no longer useful to the agency should be sent to General Services Purchasing surplus department as outlined in Executive Order No. 24.
2. The inventory custodian should contact General Services surplus personnel to arrange transport of the surplus items. General Services may elect not to have any extremely large or old, obsolete equipment transported to the warehouse. In such cases they may make suggestions or alternative decisions regarding disposal.
3. A completed **Transfer of Surplus Property (Form 13 GS)** for items being surplus must be sent to General Services Purchasing/Surplus department. General Services signs the form and sends copies back to the agency and to the Controller's Office.
4. The Controller's Office will retire the asset in the PS Asset Management system after receiving a signed copy of the **Transfer of Surplus Property (Form 13 GS)** from the Surplus department.
5. If another city agency receives an asset sent to surplus, General Services will complete a new **Transfer of Surplus Property (Form 13 GS)** indicating the transfer from surplus to the receiving agency. A copy of this form is given to the agency and to the Controller's Office.
6. Personal Property assets traded-in for the purchase of new assets must be processed through the Purchasing Division. A completed **Transfer of Surplus Property (Form 13 GS)** must be provided to Purchasing as well. (*Executive Order No. 33A outlines trade-in procedures.*) Be aware that the Purchasing Division retains and re-assigns ALL City motor vehicle titles.

Donated Assets

For assets donated to the City, an **Asset Input Form** shall be completed by the custodian of the receiving agency and a copy sent to the Controller's Office for input into the PS AM system. An estimated fair value for the asset must be included.

Annual Inventory

1. An annual physical inventory of capital fixed assets shall be conducted mid-year to confirm the accuracy of asset inventory records in PS AM.
2. The Controller's Office will generate and distribute the annual inventory report to each agency for whom fixed asset inventory records are maintained in PS AM.

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3. The physical inventory must be completed and results reported to the Controller's Office by the deadline date via the **Report of Annual Physical Inventory of Fixed Assets (Form 55)** which is in turn reported to the Mayor.
4. For any assets found which do not appear on the PS report, completed asset input forms must be provided along with reference documentation showing the asset being acquired by or donated to the City/agency.
5. For assets previously sent to surplus, transferred or traded in which still appear on the inventory report, submit photocopies of the completed **Transfer of Surplus Property (Form 13 GS)** signed off by purchasing for those items.
6. For any items listed as stolen, a copy of the police report must be provided.
7. If no documentation can be found showing how and when an asset was acquired or discarded, a detailed memo with a complete explanation and listing of those assets must be submitted with the signature of the Expending Authority.
8. An annual physical inventory of controlled assets shall be conducted and may be done at any time of the year.
9. Agencies may request interim printouts for reconciliation, if necessary.

Capital Leases

Capital leases are defined as leases where all of the risk and benefits of ownership are assumed by the lessee. A capital lease is also regarded as an installment purchase of property rather than rental of property.

1. A lease is to be capitalized if any one of the following criteria is met:
 - a. The lease transfers ownership of the property to the lessee by the end of the lease term.
 - b. The lease contains a bargain purchase option.
 - c. The lease term is equal to 75% or more of the estimated economic life of the lease property.

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- d. The present value at the beginning of the lease term of the "minimum lease payments" equals or exceeds 90% of the fair value of the lease property. To compute the 90% threshold, the fair value must be reduced by any investment credit retained. Minimum lease payments are defined as lease payments obligated to be paid by the lessee, including the bargain purchase option and guaranteed residual value. However, executory costs such as insurance, maintenance, and taxes are excluded.
2. Capital leases shall be recorded as expenditures using account codes 645000 to 645900. Include with the first **Payment Request** of a capital lease, a copy of the lease agreement and a completed **Asset Input Form**.
3. Capital lease assets shall be valued at an amount equal to the present value of the minimum lease payments; however, the amount recorded cannot exceed the fair value of the lease property.
4. The agency should establish procedures whereby a thorough review of all lease agreements is made to determine whether leases should be recorded as a capital leases.

Capital Projects

1. All capital projects will be accounted for using a capital project fund.
2. At year-end, the agency must determine the total of expenditures related to projects, which are not complete and record them as Construction In Progress (CIP) on the GFAAG.
3. The amount of the CIP and the supporting detail must be submitted to the Controller's Office.
4. At completion of the project, CIP cost must be reclassified, via journal voucher, as real property on GFAAG.
5. Capital projects designed for the general repair and maintenance of existing city property are not capitalized, but recorded only as an expense.
6. When a capital project is complete, interest paid during construction on any debt financed for the project shall be included in the total recorded capital project cost of the asset.

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Account Code Table

Account Code	Account Description	Default Useful Life
81XXXX	Buildings	
811000	Permanent structures owned by the City and the improvements thereon. Improvements increase a building's useful life or value. This includes structures to house city offices, repair shops, maintenance structures, storage structures, garages, workshops, training facilities, etc.	40
82XXXX	Improvements Other Than Buildings	
821000	Attachments to land that are intended to remain so attached. Landscaping, playground equipment and fountains are possible examples of this type of improvement.	20
83XXXX	Infrastructure	
831000	Public domain fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the City.	50
84XXXX	Vehicles	
	Vehicles are assets designed to transport people and things. Typically vehicles are required to be registered or licensed.	
841000	Automobiles Passenger vehicles. Assets include compact, midsize and full size automobiles, electric cars, vans, etc.	7
842000	Trucks and 4-Wheel Drive Vehicles Light duty, general purpose trucks, and 4-wheel drive vehicles. Examples include SUVs, trash trucks, recycle vehicles, pick-up trucks, fire trucks, ambulances, etc.	7
843000	Trailers Asset used to transport other tangible property. Examples include animal trailers, flat trailers, bomb squad trailers, boat trailers, etc.	10
844000	Other Vehicles Motorized vehicles that do not belong in any other category. These include motorcycles, buses, golf carts, aircraft, helicopters, boats, etc.	5

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Account Code	Account Description	Default Useful Life
85XXXX	Machinery and Equipment	
	Tangible personal property that is not a permanent part of a building and does not lose its identity through incorporation into a more complex unit. Machines, engines, apparatus, devices or similar used in work, recreation or other activity to accomplish a given end. Property that does not lose its identity when removed from its location and is not changed materially or consumed within 1 year.	
851000	Maintenance Equipment Equipment used to keep capital assets in a state of good repair. State of repair includes preventive maintenance, normal periodic repairs, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life. Examples of assets includes floor maintenance, painting, heating, ventilating, air conditioning, janitorial equipment, lawn mowers, etc.	5
854000	Vehicle Maintenance Equipment Equipment designed for vehicle maintenance. Assets included are lifts, diagnostic equipment, compressors, etc.	5
855000	Construction Equipment Heavy equipment used in the construction industry. Assets included are bulldozers, dump trucks, loaders, backhoes, graders, lawn tractors, pavers, rotomillers, etc.	5
856000	Communication and Utility Equipment Equipment used for verbal and nonverbal communication. Examples include equipment related to utility, phone, gas, water, television, and cable systems.	5
857000	Information Technology Equipment Computer equipment and related components. This includes main frame computers, personnel computers, laptops, printers, scanners, file servers, software, etc.	3
858000	Other Equipment Equipment that does not belong in any other category. Examples may include playground equipment, zoological equipment, medical equipment, safety equipment, navigational equipment, educational equipment, etc.	5
859000	Office Equipment Assets used in an office environment that do not belong in another specific equipment category. Examples may include modular furniture, copiers, postage machines, mail sorters, etc.	5

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Account Code	Account Description	Default Useful Life
86XXXX	Other Capitalized Assets	
	Capital assets that do not fit into any other category	
861000	Working Animals Animals used as part of normal business. This includes mounted patrol horses, police dogs, etc.	10
862000	Collections Assets held by the City for display purposes only. This includes art works, sculptures, statues, rare books, etc.	n/a
78XXXX	Controlled (Expensed) Assets	
	This includes personal property with a historical cost between \$2,500.00 and \$4,999.00. It also includes computer equipment, except software, and communication equipment, except pagers and cell phones, with a historical cost between \$500.00 and \$2,499.00. Examples include tables, desks, chairs, filing cabinets, dividers, cubicles, copiers, etc.	n/a
781000	Office Furniture Assets used in an office environment with a useful life in excess of one year and a historical costs between \$2,500.00 and \$4,999.99. Examples include tables, desks, chairs, filing cabinets, dividers, cubicles, copiers.	n/a
782000	Communication and Utilities Equipment used for verbal and nonverbal communication with a useful life in excess of one year and a historical cost between \$500.00 and \$4,999.99. Equipment used related to utilities including phone, gas, water, television, cable TV, cell phones, and pagers under \$2,500.00 is excluded.	n/a
783000	Computers Computer equipment and related components with a useful life in excess of one year and a historical cost between \$500.00 and \$4,999.99. This includes mainframe computers, personnel computers, laptops printers, scanners, servers, software, etc. Software under \$2,500 is excluded.	n/a
784000	Tools Hand and power tools with a useful life of greater than one (1) year and value between \$2,500.00 and \$4,999.99.	n/a

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Account Code	Account Description	Default Useful Life
	Controlled (Expensed) Assets, continued	
785000	Working Animals Animals used as part of normal business with a useful life in excess of one year and a historical cost between \$2,500.00 and \$4,999.99. This includes mounted patrol horses, police dogs, etc.	n/a
786000	Safety Assets used for the safety of citizens and employees with a useful life of greater than one (1) year and a value between \$2,500.00 and \$4,999.99. This includes fire and police equipment, security equipment, emergency equipment, emergency warning equipment, firearms, and weapons, etc.	n/a
787000	Other Controlled Assets Assets with a useful life of greater than one (1) year and a value between \$2,500.00 and \$4,999.99 that meet the criteria of either a capital asset or a controlled asset but do not meet the criteria in one of the other subcategories.	n/a

AM Business Units

AM Business Unit	Description	Funds
GOVNC	Governmental Funds – Capitalized Assets	01010 – 59999
GOVNT	Governmental Funds – Controlled / Tracked Assets	01010 – 59999
CNTRC	Central Services – Capitalized Assets	61000 – 61999
CNTRT	Central Services – Controlled / Tracked Assets	61000 – 61999
ENVHC	Environmental Services – Capitalized Assets	78000 – 78999
ENVHT	Environmental Services – Controlled / Tracked Assets	78000 – 78999
GOLFC	Golf – Capitalized Assets	79000 – 79999
GOLFT	Golf – Controlled / Tracked Assets	79000 – 79999
PWAPC	Asphalt Plant – Capitalized Assets	67000 – 67999
PWAPT	Asphalt Plant – Controlled / Tracked Assets	67000 – 67999
PWFMC	Fleet Maintenance – Capitalized Assets	63000 – 63999
PWFMT	Fleet Maintenance – Controlled / Tracked Assets	63000 – 63999

Governmental Funds assets will be maintained in the General Fixed Asset Account Group (Fund 98000).
Proprietary Funds assets will be maintained in their individual fund groupings.