FIXED ASSETS POLICY

I. **POLICY**

    A.   The Mayor and the Assembly have the fiduciary responsibility to safeguard and account for the fixed assets held by the Fairbanks North Star Borough in the name of the people of the Fairbanks North Star Borough. It is the policy of the FNSB administration that an inventory of all fixed assets of significant value be maintained.

    B.   Definitions -

        1.   Fixed Asset - A tangible asset that has a useful life of one year or more and that has a significant value.

        2.   Significant Value - $500 or greater.

    C.   Attachments - None

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FIXED ASSETS PROCEDURE

This procedure provides the method for maintaining an inventory of fixed assets.

I.   Procedure

       A.   Acquisition of Fixed Assets

            1.   Purchase

                 a.   When a fixed asset is purchased it will be charged to a capital outlay account as defined in the current FNSB General Government Operating and Capital Budget Manual.

                 b.   Assets charged to Buildings & Structures, Road Construction, Land & Land Improvements, Library Materials, or Leasehold Improvements will be recorded in the General Fixed Asset Account Group (GFAAG) or capitalized in the Enterprise Funds by the Accounting Division.

                 c.   Assets charged to Office Furniture, Office Equipment, Rolling Equipment, Machinery & Other Equipment, or Other Capital Items will be recorded in the GFAAG or Enterprise Funds and also added to the Fixed Asset System (FAS).

            2.   Other Methods of Acquisition

                 a.   If a fixed asset is acquired through any other method (donation) it will also be recorded in the GFAAG or Enterprise Fund and the FAS (if applicable).

            3.   Lots

                 a.   When a large number of identical assets are acquired and the cost for each is not significant but the aggregate cost is material ($20,000), the Controller will make a determination as to whether or not the group of assets will be charged to a capital outlay account and added to the FAS as a lot.

                 b.   A lot has one fixed asset number. The individual assets which make up the lot do not have property tags.

            4.   Personal Computer (PC) Systems

                 a.   A PC system of significant value will be added to the FAS as one asset. It will receive one property tag which will be put on the CPU.

                 b.   The cost recorded on the FAS will be the total cost of the PC system.

                 c.   Monitors and keyboards which do not have a significant value will not have tags. Monitors or keyboards of significant value will have a tag and will be recorded on the FAS.

5. Repairs and Maintenance

   a. Repairs that merely maintain the fixed asset in its present condition and partial replacements of a relatively minor nature will be considered an operating expense and charged to a commodity or contractual services account.

   b. Major repairs which will extend the useful life of the asset and which are significant in cost will be charged to a capital outlay account.

   c. The cost of major repairs will be added to the cost of the fixed asset on the GFAAG and the FAS.

6. Upgrades

   a. New additions to a fixed asset which enhance the asset or extend the useful life of the asset and which are significant in cost will be considered an upgrade and will be charged to a capital outlay account.

   b. The cost of the upgrade will be added to the cost of the fixed asset on the GFAAG and the FAS.

B. Maintaining the FAS

   1. The Fixed Asset Custodian (FAC) will use the Fixed Asset System Maintenance Form (FAS Form, Attachment 1) to notify the Fixed Asset System Technician (FAST) of acquisitions, addition/upgrades, transfers between departments and disposals.

   2. When reporting an acquisition or addition/upgrade, the FAS Form is to be submitted at the same time the invoice is submitted to Accounts Payable for payment. The cost of the asset or addition/upgrade is the invoiced amount and should include all costs of getting the asset into ready use. Copies of the invoice and the purchase order must be attached to the FAS Form.

   3. When reporting transfers, the FAC of the transferring department submits the FAS Form to the FAST.

   4. The FAST will use the FAS Form to update the FAS. The FAST controls and safeguards the property tags and will assign property tags to new assets. The FAC will pick up and sign for the tags. The tags will be immediately attached to the fixed asset.

C. Physical Inventory

   1. Periodically, the FAC will complete a thorough physical inventory of the fixed assets in their department/division. The FAC will verify the location of each fixed asset on the FAS report and will record each asset which is in their department but not on the FAS report. The FAC will note any correction on the FAS report and return it to the FAST.

   2. The external auditors may complete a physical inventory, may observe the FAC taking the inventory, or may require the Financial Services Department to complete

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an inventory. The FAC will cooperate fully with the requests of the external auditors.

D. Nonexpendable Commodity (NC)

1. A department director may decide to track nonexpendable commodities within their department. Unnumbered property tags are available from the FAST for this purpose.

E. Disposal

1. Fixed Assets on the FAS

a. The FAC will complete the FAS Form and call the General Services Department.

b. The General Services Department will arrange for the asset to be moved to the warehouse.

c. Once the asset is in the warehouse, the General Services Department will send the FAS Form to the FAST who will update the FAS.

d. The General Services Department is responsible for the disposal of the fixed assets in the warehouse.

e. When a fixed asset has been disposed, the General Services Department will notify the FAST who will delete the fixed asset from the system.

2. Nonexpendable Commodity (NC)

a. To dispose of a NC which is beyond repair, the department director writes a memo to the FAC's file stating that the NC is beyond repair. This memo must be signed by the department director and one other witness. The Department can then dispose of the NC.

b. If the NC is still in working order, the department director must circulate a memo to all other departments asking if they want the NC.

c. If no other department responds, the department calls the General Services Department.

d. The General Services Department will arrange to have the NC moved to the warehouse.

e. The General Services Department is responsible for the disposal of all NCs in the warehouse.

II. SUPPLEMENTAL INFORMATION

A. References -

1. Current FNSB General Government Operating and Capital Budget Manual

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B.   Definitions -

1.   Fixed Asset System (FAS) - The program used by the FNSB to maintain the furniture and equipment inventory.

2.   Fixed Asset System Technician (FAST) - The person designated by the Controller to maintain the FAS.

3.   Fixed Asset Custodian (FAC) - The person designated (on a Signature Authorization Form) by their Department Director to maintain the FAS of their Department/Division.

4.   Property Tag - Prenumbered tags which are attached to assets to aid in the inventory of fixed assets.

5.   Nonexpendable Commodity (NC) - An item which has a useful life of more than one year and a value of less than $500.

6.   General Fixed Asset Account Group (GFAAG) - The group of accounts used by the Accounting Division to record the fixed assets of the FNSB.

C.   Attachments -

1.   Fixed Asset System Maintenance Form (FAS Form)

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FIXED ASSET SYSTEM MAINTENANCE FORM

TO: <u>FINANCIAL SERVICES DEPARTMENT</u>   FROM:_____
                                                    Department/Division

ASSETS

	NEW
	TRANSFERS
	DISPOSALS

DIVISION NUMBER:_____
TODAY'S DATE: _____
RECORDED BY:_____

ASSET TYPE	ASSET NUMBER	MSA NUMBER	COST VALUE

ACQUISITION METHOD	P.O. NUMBER	INVOICE DATE	QUANTITY	MANUFACTURER

MODEL	SERIAL NUMBER	DESCRIPTION

_____   _____
CURRENT DEPARTMENT   LOCATION

DISPOSALS

_____   _____
DATE DISPOSED   METHOD

<u>COMMENTS:</u>
_____
_____

TRANSFERS

FROM: DEPARTMENT/LOCATION   TO: DEPARTMENT/LOCATION

DIV.# _____/_____   DIV.# _____/_____

ENTERED
INITIALS _____
DATE _____