

## Facility and Support Services

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June 1, 2011

To: Dee F. Bruemmer  
County Administrator

From: Dave Donovan, Director  
Facility and Support Services

Subj: Revisions to General County Policy 10 – Property Capitalization and Inventory

Attached is a copy of County General Policy 10 – Property Capitalization and Inventory with several recommended revisions. The impetus for these changes is to comply with the Governmental Accounting Standards Board (GASB) Statement #51. This standard deals with the reporting of intangible assets in our financial statements. It requires us to record and report intangible assets such as internally developed software and to develop policy that addresses how we accomplish that reporting.

The revisions to Policy 10 address the reporting of intangible assets. In addition, the revisions gathers all the definitions in one location and sets the value thresholds for both tangible assets (\$10,000 raised from current level of \$5,000) and intangible assets (\$25,000 – new).

The policy revisions recommended were reviewed by a small committee of staff representing several County Departments along with County Administration. The recommendation attached represents a consensus of those staff representatives.

I will attend the next Committee of the Whole meeting to discuss the recommended policy revision further and to answer any questions you or the Board may have.

CC: Sarah Kautz  
Craig Hufford  
Matt Hirst  
Tim Huey  
Jon Burgstrum  
Brian Demijan

## 10. PROPERTY CAPITALIZATION AND INVENTORY POLICY

### POLICY

It is the policy of Scott County to have a capitalization policy and a comprehensive inventory system. The Financial Review Committee shall be responsible for making recommendations concerning capitalization thresholds. The Director of Facility and Support Services shall be responsible for developing, implementing and administering the asset management system.

### DEFINITIONS

Tangible Asset - An item of value that has a physical form with a value at the time of acquisition in excess of \$10,000. Examples include but are not limited to: land, buildings, equipment, construction-in-progress, vehicles, machinery and infrastructure.

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Intangible Asset - An item of value that may not have a physical form that has a determinable value at the time of acquisition that is in excess of \$25,000. Examples include but are not limited to: software and data.

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Physical Inventory - A process whereby assets are verified by physically locating items, verifying their continued existence and updating the corresponding asset record.

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Construction-in-progress - An asset with an estimated "total value" in excess of the capitalization threshold that is not complete during a particular reporting period. Examples include but are not limited to: a large software development project, a building addition or a roadway resurfacing project, any of which are in process and completed during two or more fiscal year periods.

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Non-consumable asset - An asset or property other than a consumable supply-type item with a definable useful life of at least two years and having a measurable residual value at the conclusion of said useful life.

Capitalized Asset - An asset that is included in the Asset Management System, subject to periodic physical inventory and reported as part of the Comprehensive Annual Financial Report. If applicable, depreciation amounts are also reported for capitalized assets.

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### SCOPE

The property of all County Offices, ~~and~~ Departments and financial component units shall be included in the inventory program.

All non-consumable ~~County tangible assets~~property with a value exceeding \$105,000 shall be capitalized and included in the inventory program. ~~Non-consumable property is defined as property other than a consumable supply with a definable useful life of at least 2 years and having a measurable residual value at the conclusion of said useful life. All intangible assets with a value exceeding \$25,000 shall be capitalized and included in the inventory program.~~

County Offices and Departments will work with the County Risk Management Coordinator- to maintain any other equipment listings in spreadsheet format- for tangible items with a purchase value greater than \$10500 but less than \$105,000 for insurance purposes.

## **PURPOSE**

The purpose of this policy is:

- A. To establish and maintain an inventory of County property for the purpose of better management of County assets.
- B. To have inventory data available in the event the County would initiate the disaster recovery process.-
- C. To insure inventory accountability of all County offices and departments.
- D. To provide data for accounting, reporting and insurance purposes. The capitalization amount for the County's Comprehensive Annual Financial Report is \$105,000 for tangible assets and \$25,000 for intangible assets.

## **ADMINISTRATIVE PROCEDURES**

- A. Physical Inventory
  1. A comprehensive physical inventory of County property will be coordinated every five (5) years by the Facility and Support Services Department.
  2. A computerized asset management system of capitalized assets will be maintained and updated quarterly by the Facility and Support Services Department. Data from said system shall be used in preparing annual accounting reconciliations and reporting.
  3. Offices and Departments shall send any changes (additions, disposals or damage) to capitalized assets at least quarterly to the Facility and Support Services Department. Facility and Support Services shall incorporate said changes into their quarterly updates of the asset

management system.

4. A computer print-out or on-line report of departmental inventories will be distributed to each County Office and Department on an annual basis, at the conclusion of each fiscal year. Each department will be responsible to verify the accuracy of this print-out or on-line report and make any changes that are necessary. Any discrepancies between the physical inventory and the computer listing or on-line report will be resolved by the Facility and Support Services Department and the respective County Office or Department. Once the inventory is reconciled the department head or elected official or their designee will indicate their concurrence.
5. In the event there is a change in the department head or elected official a physical inventory will be taken immediately by the Facility and Support Services Department if requested by the Board of Supervisors or the incoming department head or elected official.

B. Identification of Property

1. All non-consumable County property with a value exceeding \$10500 shall have an inventory tag attached to the item whenever physically possible. This is especially important for items that do NOT have a unique identifier such as a serial number.
2. When new purchases are made, offices and departments shall request asset tag(s) from the Facility and Support Services Department - Purchasing Division. Facility and Support Services shall keep a spreadsheet indicating the department and a brief item description for each tag issued. This inventory tag number shall be affixed, by the department, to the item when received. Offices and Departments shall also use the tag number for tracking within their non-capitalized listing of assets.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES  
THAT THIS RESOLUTION HAS BEEN FORMALLY  
APPROVED BY THE BOARD OF SUPERVISORS ON  
\_\_\_\_\_  
DATE  
\_\_\_\_\_  
SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

June 9, 2011

A RESOLUTION APPROVING CHANGES TO COUNTY GENERAL POLICY 10 –  
PROPERTY CAPITALIZATION AND INVENTORY POLICY.

**BE IT RESOLVED BY** the Scott County Board of Supervisors as follows:

- Section 1. That the changes and revisions to County General Policy 10 –  
Property Capitalization and Inventory Policy as prepared and  
presented by the Facility and Support Services Director are hereby  
approved and adopted.
- Section 2. This resolution shall take effect immediately.