

Moffat County
Fixed Assets Policy

September 3, 2019

Table of Contents

INTRODUCTION	3
I. GENERAL	3
II. FIXED ASSETS THAT REQUIRE CAPITALIZATION	3
III. PROPERTY CONTROL RESPONSIBILITIES	4
ACQUISITIONS POLICY	5
I. GENERAL	5
II. PURCHASE OF FIXED ASSETS	5
III. CONSTRUCTION OF FIXED ASSETS	5
IV. LEASE-PURCHASE OF FIXED ASSETS	6
V. DONATION OF FIXED ASSETS	6
VI. WORKS of ART	6
DISPOSITIONS AND MODIFICATIONS POLICY	7
I. GENERAL	7
II. DISPOSITION OF FIXED ASSETS	7
III. MODIFICATION OF FIXED ASSETS	8
IV. TRANSFERS OF FIXED ASSETS	8
ANNUAL PHYSICAL INVENTORY POLICY	9
I. GENERAL	9
II. PROCEDURES	9
SIGNATURE PAGE.....	10
MOFFAT COUNTY FIXED ASSETS RECORDING FORM.....	

INTRODUCTION

I. General

The purpose of the Fixed Assets Policy is to present a uniform method of maintaining and updating Moffat County's fixed assets property records. Principles and policies incorporated into this manual are in accordance with Generally Accepted Accounting Principles (GAAP).

It is important for departments to keep track of fixed assets for many reasons. These reasons include the control purposes of preventing theft and conducting condition assessments. Colorado Statute 24-1-506, requires that we have a current listing of our fixed assets available for inspection at any time. GAAP requires that we appropriately account for acquisitions and dispositions of our fixed assets. Finally, by having a good information system established on our fixed assets, we have a management tool to make better budgeting and rate-setting decisions in Moffat County's Capital Improvement Plan.

This policy encompasses all fixed assets of Moffat County: land, land improvements, buildings, building improvements, machinery, equipment, vehicles, infrastructure, etc. ***It is the responsibility of each department to account for fixed assets located within their department and report all changes within 5 working days.***

II. Fixed Assets That Require Capitalization

Fixed asset records information will be centralized in the Finance Department. This department is responsible for maintaining all of the asset information. Not all assets require record keeping. The fixed asset levels for required for reporting are as follows:

Fixed Assets to be Capitalized - assets with an original cost of \$5,000 or more (including ancillary costs, such as installation, etc.) and a useful life of two years or more. These assets will be capitalized. That is, capitalized fixed assets will set up in the fixed assets records and accounted for as long as the asset remains in the County. These are expended out of the Capital Expenditure line in each department.

Non Capitalized Fixed Assets are assets with an original cost of under \$5,000 or with a useful life of less than two years. These assets will not be capitalized. That is, non capitalized fixed assets will be expensed in normal operation expense line items. Fixed assets with a value between \$1,000 and \$5,000 can be set up in the fixed assets records for control and insurance replacement purposes or the department can keep records in their own system. It is the responsibility of the department to track assets under \$1,000. The Information Technology (IT) Department will also track all computer purchases no matter the dollar value. However, irrespective of the dollar value, all land and right of ways will be considered to be capitalized fixed asset for record keeping purposes.

III. Property Control Responsibilities

All duties and responsibilities of the fixed asset management system are to be monitored by the Finance Department.

Finance Department Responsibilities Moffat County's fixed asset record keeping is a twofold system. The Finance Department will:

1. Maintain records of assets which will have an original cost over \$1,000 and a useful life of over one year.
2. Work with departments to properly identify fixed assets in the accounting system.
3. Send out annual review of inventories to departments.
4. Send out quarterly review of inventory changes.
5. Provide education and act as a resource for departments in carrying out fixed asset policies.
6. Appropriately record, and report the County's fixed assets.
7. Forward fixed asset form changes, for any reason within this policy, from departments to Human Resources for insurance purposes.

Individual Department Responsibilities The department head/elected officials will have the responsibility of:

1. Custodianship of assets for the department and periodic physical inventory of assets.
2. Reporting within 5 working days of all changes, transfers, dispositions, surpluses, relevant alterations, acquisitions, donations and retirements to the Finance Department unless the timelines set forth in this policy state otherwise.
3. Review quarterly inventory changes sent by Finance Department and report any discrepancies.
4. Checking annual inventory reports for accuracy in quantity, description, cost, location, and life of all fixed assets assigned to the departments. Participate in annual physical inventory as coordinated by the Finance Department.
5. Tracking items such as small tool, tables, chairs, etc. that have values less than \$1,000. These items will still be accounted for by departments to control loss of County assets.
6. It is the responsibility of each department to affix their unique tag numbers for all equipment with a value of \$5,000 or more and have an expected useful life of at least one year. This tag

number will be used and referenced when physical inventories are conducted. Tag numbers used by departments will be issued with no duplicates. Departments must submit the tag number to the Finance Department when completing the asset change document. Equipment is tracked by serial number and vehicles are tracked by VIN through the Finance Department, the tag number is unique identifier to the department utilizing them. Tags should be placed on equipment in a visible, protected area.

ACQUISITIONS POLICY

I. General

Fixed assets may be acquired in four ways: purchase, construction, lease-purchase, and donation. It is the responsibility of each department head/elected official to ensure that all fixed assets to be capitalized are properly reported to the Finance Department.

II. Purchase of Fixed Assets

To record a fixed asset acquisition made through purchase, the following procedures are to be followed:

1. The department head/elected official completes a requisition and selects fixed asset under the items tab.
2. The department head/elected official completes a fixed asset form regarding the purchase and turns it in to the Finance department with proof of purchase and any ancillary costs or modifications made to the item to be included with costs.
3. The purchase cost must include ancillary costs. Ancillary costs include the cost to put the asset into service in its intended location such as installation, freight, transportation, professional fees the cost of engineering design, etc.

III. Construction of Fixed Assets

To record a fixed asset acquired through construction of the fixed asset, the following procedures are to be followed:

1. The department head/elected official completes a requisition and selects fixed asset under the items tab.
2. If there are numerous invoices and the project will be lasting over an extended period of time, a project file will be developed to identify what project the invoices belong. A file should be created to collect all invoices for each separate project. A fixed asset form on the progress of the construction project must be completed by December 31st each year and submitted to finance.
3. Once construction is complete, contact Finance for final recording of the asset. Construction that extends over a calendar year-end will be classified as Construction in

Progress for financial reporting purposes. Please notify the Finance Department regarding projects that are classified as Construction in Progress to determine the year to capitalize as an asset.

4. The original cost must include ancillary cost. Ancillary costs include the cost to put the asset into service in its intended location such as installation, freight, transportation, professional fees the cost of engineering design, etc. However, feasibility study and training is not included. For building improvements, internal resources, such as salaries, that are directly used to acquire, construct or improve the asset would be considered overhead and allowed to be part of the asset cost.

IV. Lease-Purchase of Fixed Assets

To record a fixed acquisition made through Lease-Installment Purchases, the following procedures are to be followed:

1. Fixed assets purchased through a Lease-Purchase agreement, for property records purposes, are treated as any other purchase of fixed assets as shown in section II above.
2. The original cost to be recorded at acquisition is the net present value of all future lease payments. The acquisition date is the date the asset is received by the department.
3. Note: the original cost capitalized must include ancillary costs. See #3 in the "Purchase of Fixed Assets" section above.

V. Donation of Fixed Assets

To record a fixed acquisition made through donation, the following procedures are to be followed:

1. Notice of any donated fixed asset should be transmitted to the Finance Department via letter or document from donator, setting forth terms, values etc.
2. If the donation is received from a private (taxable) company, corporation, or individual, the original cost assigned should be provided by the donor. If the donated item is new, the invoice cost should be available. If the donated asset is used, the estimated market value for tax purposes could generally be obtained from the donor.
3. If the donor is unable to provide an original cost estimate, contact the Finance Department and work together to determine the asset's value. Once a dollar value of the donated item has been established, Finance will assign a fixed asset number and give the tag to the appropriate department head/elected official.

VI. Works of Art

To determine when the Museum of Northwest Colorado should capitalize a collection and to determine how to account for the sale of a collection (Resolution 2003-21). The legal reference for accounting for works of art is found in GASB 34, paragraphs 27 through 29.

Museum Collections other than the Cowboy Collection

1. Other than the Cowboy Collection, the Museum of Northwest Colorado will hold its collections for public exhibition, education, or research in furtherance of public service, rather than financial gain.
2. The collections shall be protected, kept unencumbered, cared for, and preserved.
3. All proceeds from the sale of any collection other than the Cowboy Collection shall be used to acquire other items for collections.
4. For financial reporting purposes the collections of the Museum of Northwest Colorado other than the Cowboy Collection shall not be depreciated and not shown on the financial statements as a capital asset.
5. When the Museum of Northwest Colorado receives a donation other than for the Cowboy Collection, in which the fair market value is \$5,000 or more, the Museum will recognize revenue for the donation and at the same time recognize a program expense to the amount of the revenue recognized.

Cowboy Collection

1. The Cowboy Collection shall be held for public exhibition, education, or research.
2. The Cowboy Collection shall be protected, kept unencumbered, cared for, and preserved.
3. The proceeds from the sale of the Cowboy Collection may be used to acquire other items for the collection or used as the Board of County Commissioners sees fit.
4. For financial reporting purposes the Cowboy Collection is considered inexhaustible; therefore it will not be depreciated, but shown on the financial statements as a capital asset.
5. When the Museum of Northwest Colorado receives a donation for the Cowboy Collection, the Museum will recognize revenue for the donation.

DISPOSITIONS AND MODIFICATIONS POLICY

I. General

Fixed assets may be disposed of in five ways: scrapped, sold, traded-in, lost, stolen, or destroyed. Irrespective of how disposed, a Recording Form must be completed and turned into the Finance Department.

Modification of a fixed asset record includes alteration and transfers of fixed assets.

It is the responsibility of each department head/elected official to ensure that all fixed assets that are recorded are promptly deleted from the County's fixed asset system upon disposition, and that

modification of the fixed asset record upon alteration or transfer of the fixed asset is submitted to the Finance Department within 5 business days.

II. Disposition of Fixed Assets

A disposition represents the physical removal of an asset from custody or accountability. Disposal of fixed assets shall be at the discretion of the Elected Official or Department Head, taking into account the best use of tax dollars, relative cost of storage, and recycling disposition. Elected Officials and Department Heads must first attempt to reassign any equipment or goods that are no longer being used by their department to other County Departments. If other county departments cannot use the items, they will be:

1. Trade-in on a newer model.
2. Offered to outside public service agencies.
3. Sold at a County auction. (Please do not remove the fixed asset tag until the item is sold.)
4. Sold through a sealed bid process.
5. Obsolete computer equipment, which is deemed by the IT Director, will be recycled between County departments then offered according to 1st come 1st serve process between:
 Donation to outside public service agencies or sold to Moffat county employees and/or the general public.
6. Take the item to the landfill or sold as salvage or scrap for the highest return available.

Fixed assets no longer under control of the County must be removed from the property record. Within five business days of the fixed asset disposition, the Recording Form must be completed and submitted to the Finance Department. Included in the notification must be copies of all documentation of the process used to dispose of the asset. ***Funds received from the sale of assets will be credited back to the same fund/department in which the property originated or as specified by the Board of County Commissioners.***

III. Modification of Fixed Assets

Modifications of assets include significant alteration to that asset (such as replacement of the roof on the Court House), addition of component unit(s), extension of or reduction of the estimated useful life of the asset, change of location of the fixed asset within the same department, and corrections of fixed asset records.

Within five business days of the fixed asset modification, the Recording Form must be completed and submitted to the Finance Department.

Contact the Finance Department if you have any questions regarding whether or not a repair of an asset (including buildings and infrastructure) will generate a modification to your fixed asset records or not.

IV. Transfers of Fixed Assets

Transfers involve the permanent relocation of a fixed asset from one department to another department. If the equipment is to be temporarily loaned or relocated, and the intention is to reclaim the fixed asset and restore it to its original location in the near future, the asset record need not be changed. Note that the basic criterion for change is “intention”.

Within five business days of the permanent transfer of a fixed asset, the Recording Form must be completed and submitted to the Finance Department.

The physical custody of the fixed asset is the responsibility of the department head/elected official. The inventory integrity relating to transfers is only as accurate as the data transmitted to the Finance Department. This is important that only assets you are responsible for are currently in our fixed asset system. This ensures that the proper department will be charged for the appropriate insurance expense for their assets.

ANNUAL PHYSICAL INVENTORY POLICY

I. General

In February of each year, an annual physical inventory will be taken. Department heads/elected officials will be responsible for accomplishing the inventory under the coordinated effort of the Finance Department.

II. Procedures

Each year, department heads/elected officials will be given a month to complete the inventory. The department head/elected official will take a list of the fixed asset system’s current inventory for his/her department provided by the Finance Department to the appropriate locations to begin a fixed asset verification process.

1. As an asset is observed, the inventory clerk locates and verifies the location information, and notes any changes or discrepancies.
2. If a tagged asset is found that does not exist on the listing, the department head/elected official should note the tag number and all other information necessary to create the asset information file.
3. If an asset is found without a tag, and meets the requirements of tagging, information should be gathered and reported to Finance.
4. If an asset has been acquired that meets the stipulations for capitalization, but is not on the list, then information must be gathered for the asset information file and recorded on the listing.

Following the physical inventory, the listing must be returned to the Finance Department. Each discrepancy must be reviewed by the department head/elected official and the Finance Department and the appropriate correction made.

The signatures of the following Elected Officials and Moffat County Board's signify their adoption and approval of this policy, which is binding upon the Elected Officials and the employees of their offices.

Don Cook, Chairman, Board of County Commissioners

Chuck Cobb, Assessor

Tammy Raschke, Clerk & Recorder

Jesse Arthurs, Coroner

KC Hume, Sheriff

Peter Epp, Surveyor

Linda Peters, Treasurer

Fixed Asset # _____

Assigned by Finance Dept.

INSTRUCTIONS ON OTHER SIDE OF THIS FORM

Moffat County Fixed Asset/Continuing Property Recording Form

(Must be completed within 5 working days of any asset change)

Date: _____ Department: _____ Department Head: _____

Check One: Fixed Asset Continuing Property
(Less than \$ 5,000.00 of Department Funds)

Check One: Acquisition Disposition Donation Modification Transfer

Brief description of Asset: _____

(Include Department Tag # in description)

Make/Manufacturer: _____ Model Year: _____

Model # of Asset: _____ Serial #/Vin#: _____

Location where Asset will be located: _____

Explanation of Change: _____

<u>Funding Sources</u>	<u>Amount</u>	<u>%</u>	<u>Moffat County Expense Acct. Purchased From:</u>
Moffat County	_____	_____	_____
_____	_____	_____	_____

If acquisition, purchase price (include shipping): \$ _____

(attach copy of invoices)

(Include shipping & installation)

If trade was a factor, amount received for trade: \$ _____

Asset # of trade _____

If disposition, proceeds received \$ _____

(attach copy of bill of sale)

If modification, amount of value to add to asset: \$ _____

(attach copies of all sales invoices)

TOTAL WITH MODIFICATIONS \$ _____

Estimated Useful Life: (years) _____

If transfer:	(New and Previous Department signature required)		
Former Dept:	_____	_____	Depreciation Expense Account:
		Signature	
New Dept:	_____	_____	
		Signature	

_____	_____	_____	_____
Department Head Approval	Date	Finance Initials	Date Posted

Copy forwarded to Human Resources on _____ (date). Initials _____

Fixed Asset # _____

Assigned by Finance Dept.

PLEASE COMPLETE THE FORM FOR ANY ACQUISITION, DISPOSITION, DONATION, MODIFICATION OR TRANSFER OF A FIXED ASSET.

FORM MUST BE TURNED INTO THE FINANCE DEPARTMENT WITHIN FIVE BUSINESS DAYS OF THE CHANGE ASSET STATUS.

Fixed Asset:

Assets with an original cost of “ \$5,000.00” or more including ancillary costs, such as plans, installation, but not to include training or feasibility studies. The assets in this category will be capitalized. This Asset will be assigned Fixed Asset # and must be accounted for as long as the asset remains with Moffat County.

Continuing Property:

Non-Capitalized Assets are assets with an original cost of under “\$5000.00” or with a useful life of less than 2 years. These assets will not be capitalized and should be expensed at the time of purchase. Assets of an original cost of between “\$1,000.00 and \$4,999.99” can be tracked as Continuing Property for control and insurance replacement. Assets under “\$1,000.00” should be tracked by each individual department (unless it is a trailer, etc. which will be licensed with Motor Vehicles and used on public roads). However, irrespective of the dollar value, all land and right of ways will be considered capitalized fixed assets for record keeping purposes.

Acquisitions:

A acquisition of an asset can be by purchase, construction, lease or donation. Sales receipt or any contract for item should be included when reporting an acquisitions within (5) business days of acquisition.

Modifications:

Modifications of assets include significant alteration to the asset (such as replacement of a roof on the courthouse), addition of a component unit(s) (such as the purchase an asset and adding additional equipment such as lights, radios or anything attached to the asset that will be disposed of when asset is disposed of), extension of or reduction of estimated useful life of the asset (such as a new engine in a piece of equipment that prolongs the useful life of the asset).

Disposition:

A disposition represents the physical removal of an asset from custody or accountability.

Transfers:

Transfers involve permanent relocation of an asset form one department to another department. The physical custody of the asset is the responsibility of the department head and the department that is transferring out the asset is responsible for doing the transfer paperwork.

Additional instructions can be found in the Moffat County Fixed Asset Policy