

April 10, 2018

Asset Management

County Administrator

POLICY:

1. Purpose

A. The purpose of these Citrus County BOCC Asset Management directives and procedures is to provide direction for County employees who are responsible for marking, recording, and/or safeguarding County owned and Government owned capital assets.

B. These directives and procedures are intended for County-wide use. However, if a division/ office/ department elects to institute a more restrictive practice for purposes of budgetary control, the County Administrator will entertain a request of this nature. All County employees are expected to comply with these directives and procedures.

2. Definitions

A. Account – The account is a five digit number assigned to a particular class of assets and is used when purchasing capital fixed assets. When using these accounts, the expenditures must meet the capitalization threshold set by the Citrus County BOCC. When an asset is capitalized, the asset costs are converted to an asset account on the balance sheet by the Clerk of Court Financial Services Department.

B. Asset Identification (Asset ID Number) – The asset identification number is a unique number which is assigned to each fixed asset by the Clerk of Court Financial Services Department.

C. Attractive/Sensitive Property Items – Attractive/sensitive property is tangible personal property less than \$1,000 that can be characterized as “walk away” items. These items are prone to theft because they are either not secured, are easily portable, contain new technology and/or they are adaptable for personal use.

D. Cannibalizing Equipment – Cannibalizing equipment is done when the department takes apart a piece of equipment to use the parts to repair other equipment.

E. Capital Assets – Capital assets includes Land, Buildings, Improvements Other than Buildings, Machinery and Equipment, Library Resources, etc..

F. Capitalization Threshold – The capitalization threshold defines the criteria(s) for capitalizing Citrus County BOCC assets.

G. Custodian – Employee/ person responsible for tracking, locating, and showing all property to the Clerk of Court Financial Services Department Financial Services

Clerk during the annual asset inventory. Must complete Asset Activity Form as needed.

H. Custodian Delegate- A person acting under the supervision of the custodian to whom the custody of property has been delegated by the custodian and, from whom the custodian received custody receipts.

I. Inventory-Inventory is purchased to be re-sold to other divisions/agencies.

J. Subcontractor Acquired Property – Property provided by the County or purchased from County provided funds for the performance of a contract or grant. Title to property will vest with the County or the original federal sponsoring agency.

K. Supplies- Supplies are purchased for the use of your division. Office supplies, paper towels and cleaning materials are all examples of supplies. They are purchased to assist in the day-to-day operations of the division.

L. Tag (Property or Decal) Number– The tag number is a number assigned to an item by the Clerk of Court Financial Services Department. This number is printed on a decal that is placed on moveable equipment. Once the decal has been placed, it is not to be removed by departments. The asset ID numbers that Fleet puts on the vehicles and equipment in the large black numbers should coincide with the asset ID number for the item.

M. Title (Ownership) of Property – The Citrus County BOCC owns all property acquired with funds administered by or under the control of the County. Title to assets purchased with federal funds may reside with the granting agency during the life of the contract or grant. Once a contract or grant has expired and if the granting agency no longer has a need for the property, title will revert to the County. Assets meeting the capitalization threshold will be decaled regardless of funding source.

PROCEDURE:

1. Capitalization Thresholds

A. An asset where the value or cost (less discounts) including freight, installation and other costs incurred to acquire the asset is \$1,000 or more and the normal expected life of which is one year or more. An item with a value or cost under \$1,000.00 qualifies as an asset if it is an essential component of a group of items that function together, such as modular desk systems, computer systems, book sets, telephone systems, etc.

B. Repairs and maintenance expenses, service contracts, and extended warranties are not additions to the capital assets.

C. There is an Asset Decision Tree on the intranet on the Finance tab. (http://intranet/finance/forms/asset-decision-tree.pdf?_=0.14455174158862005).

2. Acquisitions

A. Purchasing New Equipment through a Purchase Requisitions – The following are procedures for purchasing equipment through a purchase requisition:

1. When purchasing equipment, the purchase must meet the capitalization threshold (\$1,000.00).
2. The Requisition must reference the applicable department fund and expenditure account to verify it was a budgeted purchase.
 - a. 56100 = LAND = Assets commonly charged to this account are land, land acquisition costs, easements, and right of ways.
 - b. 56200 = BUILDINGS = Assets commonly charged to this account are office buildings, firehouses, garages, jails, zoos, parks, and recreational buildings.
 - c. 56300 = INFRASTRUCTURE = Assets commonly charged to this account are structures and facilities other than buildings such as roads, bridges, curbs, gutters, docks, wharves, fences, landscaping, lightning systems, parking areas, storm drains, sidewalks, water and sewer lines, and athletic fields.
 - d. 56400 = MACHINERY AND EQUIPMENT = Assets commonly charged to this account are motor vehicles, heavy equipment, office furniture and equipment. Examples of items commonly purchased from this account by the County include: entrance signage, computers, printers, security cameras, generators, pumps, vehicles, tractors, trailers, playground equipment, telephone systems, HVAC/AC units, lawn mowers, off road vehicles, etc.
 - e. 56800 = INTANGIBLE ASSETS = Assets commonly charged to this account are computer software, patents, trademarks, water rights, timber rights, and mineral use rights.
3. Tangible assets (other than library materials) should not be purchased using a P-Card. Systems Management may purchase fixed assets within the P-card policies/procedures.

B. Trading In Old Equipment for New Equipment – The following are procedures for trading-in old equipment for new assets:

1. The department must complete the purchase requisition as instructed above.
2. The department must complete an Asset Activity Form.
3. All County decals must be removed from the asset before the item is traded-in and taped to the Asset Activity Form. (If the decal is not attached to the Asset Activity Form, the department must include a statement explaining why the decal was not attached.)

4. If the item contains sensitive information, it must be removed from all devices before the item is traded-in.

C. Purchasing Equipment from Contract or Grant Funds -The specific provisions of each contract or grant may vary regarding the acquisition of equipment. In many cases, prior approval must be received. Before assets are charged to a contract or grant, departments must review the terms and conditions of the agreement to identify limitations for purchasing equipment.

D. Leasing Equipment – The following are procedures for capitalizing leased equipment that are deemed “capital leases”. One of the following criteria must be met:

1. The title of the equipment is transferred to the County.
2. There is a bargain purchase price for the equipment at a future date.
3. The term life is greater or equal to 75% of the life of the equipment.
4. The present value of payments is greater than or equal to 90% of the fair market value of the equipment.

3. Safeguarding and Care

A. It is the Custodian’s responsibility to ensure that the County’s assets assigned to them are adequately protected against loss, damage or theft. This includes:

1. Locking equipment (including attractive items) in secured locations.
2. Performing adequate maintenance and upkeep of equipment.
3. Training staff on procedures for properly handling equipment (i.e. moving, transferring and cannibalizing equipment).
4. Not letting equipment sit idle for extended periods of time.

B. Subcontractor Controlled Equipment.

Government property in possession of subcontractors should be maintained in accordance with the requirements of the County, through contract, code, and/or other policies and procedures, concerning the basic requirements of the acquisition, safeguarding and care, disposition, relocating and reporting of Government property.

4. Asset Activity Form

****ORIGINAL FORM MUST BE SENT TO CLERK OF COURT FINANCIAL SERVICES DEPARTMENT****

A. The following are procedures for relocating equipment:

1. The department is responsible for entering the new location information for moved equipment via Asset Activity Form.

2. When moving equipment, the department must take adequate care to prevent damage of the equipment by properly packing and covering of equipment.
3. The department must take safety precautions when moving equipment to prevent physical damage to the building or to the employee's moving the equipment.

B. The following are procedures for transferring ownership of assets between departments and/or custodians:

1. The "transferring" department will submit an Asset Activity Form to the receiving department. Approvals will be received from both the transferring and receiving department and/or custodians.
2. If an asset was purchased from a Contract or Grant the transferring custodian (and Grant Project Manager when applicable) will verify the appropriateness of the transfer. (The terms and conditions of the granting agency may prevent the equipment to be used for activities other than the original project's objective.)
3. For assets that are relocated to another location either within a department (ex: road maintenance that has multiple locations) or to another department but the ownership doesn't change (ex: systems management computers). The Department should notify Financial Services in writing (an email is acceptable (since ownership not changing) in lieu of an Asset Activity Form.)

C. The following are procedures for disposition of fixed assets:

1. Departments will need to request the disposal of the property from the BOCC by cannibalizing, recycling, donating to another organization/agency, auction, landfill disposal, trade-in, or other means (lost/missing, stolen, improperly disposed (thrown away), etc.). The terms and conditions of the contract or grant may stipulate how and when an asset is allowed to be disposed. Therefore, all equipment accountable to a contract or grant must be approved by the Grant Project Manager and custodian before an asset can be disposed.
2. When a laptop computer, PC, or monitor has been deemed surplus (no longer needed, damaged, worn out or obsolete), the department will contact the Department of Systems Management to pick up, whether it is a fixed asset or not.
3. When equipment has been deemed lost or stolen, the department must initiate a request through an Asset Activity Form. When theft is discovered, the County Sheriff's Office (or local authority) must be notified by telephone immediately. A copy of the police report must accompany the form when applicable. In the case of loss of property that is covered by insurance, the custodian must notify the Risk Manager.

5. Inventory Procedure

A. Inventory means only those chattels consisting of items commonly referred to as goods, wares, and merchandise (as well as inventory) which are held for sale or lease to customers in the ordinary course of business. Supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business. Partially finished products which when completed will be held for sale or lease to customers in the ordinary course of business shall be deemed items of inventory. For the purposes of this section, fuels on hand shall be considered inventory.

B. Many divisions will have both supplies and inventory on hand at any given time. In common usage, you might say you're taking an inventory of your supplies; however, the two terms represent distinct accounting concepts. Supplies are ultimately an expenditure, while inventory is generally sold/billed to another division/agency.

C. Accounting for Supplies

Supplies appear on the County's balance sheet as an asset at year end. The amount shown is equal to the cost of the items that the County has on hand. The supplies expense category is listed as a cost to the County; this is the total value of the supplies used during the period of the financial statement.

D. Accounting for Inventory

Inventory is listed on a balance sheet as an asset. As inventory leaves the County, another asset category, accounts receivable, rises. If customers are invoiced for the sale, the amount is listed in the accounts receivable category until it is paid; the amount is then listed as cash.

E. Any supplies with a unit cost of \$1.00 or less shall not be counted, unless directed otherwise by management (i.e. needles at Animal Services, screws and nails at Facilities Management). Supply stock that is inventoried must be coded and parts numbers documented. Partial pieces of supplies and/or inventory should be considered fully utilized and "scrap" for items that are counted by piece (i.e. PVC pipe).

F. All inventoried divisions must document periodic review/counts/reconciliations/audits of items on division count sheets. Random/sporadic reviews are more successful in identifying intentional inventory/supply loss. Count sheets should be location specific. Updates to the count sheets to correct items that may need to be added or deleted (if an asset, this must be processed with an Asset Activity Form) or consistency of count (volume vs. piece) should be done prior to the annual inventory process.

G. Some departments (Utilities, Jail, Systems Management, Elections) use a custodian delegate for asset inventory purposes and the County will continue to allow this to be used as needed throughout the County.

6. Periodic review/counts/reconciliations/audits by division:

A. Animal Services

1. Management has implemented an inventory log to document cost of goods sold (COGS). This log is kept with the items sold and documented for each item sold. When needing to restock, they are taken from the safe room, logged out from the inventory log in safe room and logged into the items for sale cabinet. This should be reconciled monthly.
2. Have a log sheet for supply items used for cleaning as well as food. This log is used to maintain control of supplies and to assist with usage of particular items and ordering frequency. Items are logged out when taken and a staff person has been assigned to monitor for orders to be placed.
3. Periodic review/counts/reconciliations/audits by division should be conducted for inventory, controlled substances, and supplies.

B. Solid Waste

Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies.

C. Utilities

1. Inventory sign-out sheets should be reviewed periodically to ensure compliance with policy.
2. Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies, including all assets off-site at utility facilities and landfill.

D. Grounds Maintenance

Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies.

E. Facilities Management

Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies.

F. Fleet Management

1. Management has implemented an inventory system to track cost of goods sold (COGS). The volume of parts inventory makes counting each piece unreasonable

and costly. The County accepts the policy to count items by weight and will tolerate the risk of minor discrepancies due to the nature of the "count".

2. Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies.

G. Aquatic Services

Periodic review/counts/reconciliations/audits by division should be conducted for inventory and supplies.

7. The following are procedures for completing annual inventory:

A. Any County department that maintains an inventory of parts, supplies, chemicals, etc. are required to conduct an annual inventory on those items as close to the end of the fiscal year as possible.

1. It is the role of Financial Services to audit/spot check those inventories for accuracy of count, consistency in counting methodology, strength in counting and inventory storage process, and susceptibility to fraud or theft.

2. Departments that currently participate in the end of fiscal year inventories are Solid Waste, Animal Services, Utilities, Grounds Maintenance, Facilities Management, Fleet Management, and Aquatic Services.

B. Financial Services will create a schedule

1. Departments should conduct their inventory as close to September 30th as possible.

2. Financial Services should schedule to arrive on site as soon as the department inventory is done or completed enough that the inventory would be done before the spot check audit process was completed.

3. Aquatics inventory of chemicals is done by the department at the end of the business day on the 30th and Financial Services audit should be done first thing in the morning on October 1st before the chemicals are checked out for the day.

4. Financial Services will conduct the audit of the division count sheets based on the above information. A memo will go out to the division and management all the way to the County Administrator. Adjustments will be made to correct the financial impact of the audited inventory by Financial Services.

5. The department is responsible in locating missing equipment that was not found during the first inventory pass.

8. Attractive and Sensitive Property

A. Attractive Property is property that costs less than \$1,000 and is not a capital/fixed asset. The County or the department wishes to track the property due to various reasons, including:

1. Property contains sensitive data

2. Property is prone to theft or loss
3. The department is required to track the property

B. Attractive Property that is required to be tracked must be charged to expenditure account 55120, unless another expenditure account is specific for that purpose (hardware, etc.). Attractive Property includes items used in mobile computing and storage devices (i.e. laptops, tablets, cameras, computer peripherals, equipment to be loaned out to other departments and smart phones).

C. Stolen ASP – Whenever it has been discovered that ASP has been stolen, the County Sheriff's Office (or local authority) must be notified immediately.

D. Lost or Stolen Mobile Devices are required to be reported to the Systems Management Department.

9. Other

- A. Asset Activity Form http://intranet/finance/forms/asset-activity.pdf?_=0.9694481679139995
- B. Asset Decision Tree http://intranet/finance/forms/asset-decision-tree.pdf?_=0.5923885587427903
- C. Tangible Property Procedures http://intranet/finance/forms/asset-procedures.pdf?_=0.3755891296935477
- D. Dropdown menu on Finance Section of Intranet (<http://intranet/finance/finance.htm>) shows templates for agenda items for Fixed Asset Deletion and Donation
- E. Fixed Asset Identification Tool <http://intranet/finance/asset-identification-tools.pdf>

FOOTNOTES & REFERENCES TO RELATED A.R.'s: