ADMINISTRATIVE PROCEDURES

Procedure Number: 22-8

Effective Date: 06/04/1984
Revision Date: 06/15/2016

County Administrator

SUBJECT: **CAPITAL ASSETS**

DEPARTMENT RESPONSIBLE: **Finance and Risk Management**

1. STATEMENT

The following apply to all County departments.

The investment of public funds in land, buildings and equipment must be adequately safeguarded. To safeguard this investment, physical and internal accounting controls must be established and maintained within the framework of a complete capital asset accounting system. The objectives of internal accounting control are to provide reasonable assurance that transactions are properly executed in accordance with management's authorizations, assets are protected from unauthorized use or disposition, and financial records are reliable for preparing financial statements and maintaining accountability. Basic characteristics of sound internal accounting control include segregation of accounting duties, approvals of accounting transactions, and regular reconciliations of detailed and control records.

Capital assets are property of the County which include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

Capital assets may be acquired by outright purchase, construction, lease-purchase agreement, installment purchase contract, eminent domain, tax or special assessment foreclosure, or gift.

Lease-purchase agreements are contractual agreements which are termed "leases" but which, in substance, amount to purchase contracts. General capital assets acquired via lease-purchase agreement are capitalized at the inception of the agreement in the amount of the discounted present value of total stipulated payments. Multiple-year installment purchase contracts are accounted for in the same manner as lease-purchase agreements. For any fund other than a proprietary fund, such as the enterprise funds of Regional Wastewater Reclamation. Parking Garages, and Development Services or the internal service funds, the full amount capitalized is also expensed in the first year of the lease-purchase.

2. CAPITALIZABLE THRESHOLDS

2.1. Assets are capitalized based on thresholds determined by the Department of Finance and Risk Management Director in conjunction with the Financial Reporting & Control Division Manager. The County Administrator shall approve any changes.

2.2. Capitalizable thresholds for the various asset classifications are as follows:

2.2.1. Land and Land Improvements

Capitalize regardless of cost.

2.2.2. Buildings

Capitalize if valued at $100,000 or above.

2.2.3. Infrastructure, Rights of Way (easements), Works of Art, Historical Treasures, and Intangible Assets

Capitalize if valued at $100,000 or above with the exception of software projects, which must be valued at $5,000,000 or above.

2.2.4. Equipment

Capitalize if valued at $5,000 and above with a useful life greater that one year.

3. DONATED ASSETS

3.1. Donated assets are assets transferred to the County by a third party at no cost.

3.2. The Acquisition Value of a donated asset is "the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at acquisition date." (Government Accounting Standards Board Statement 72, §79.)

3.3. If the Acquisition Value is at or above the capitalizable threshold of an asset classification, it is to be capitalized.

4. NON-CAPITALIZED PROPERTY MANAGEMENT

4.1. Pima County is required by the Arizona Auditor General to provide stewardship for all assets over $1,000 (see the Uniform Account Manual for Arizona Counties, Section VI-E, Procedures section)

4.2. The Asset module of Advantage (AMS) should be used by the individual departments, to enter and track all assets valued from $1,000 to $5,000. Information indicating the Type, Class, Description, Value, Custodian, Serial Number, Location, PC Tag number, and Account Number of the asset must be entered in the appropriate fields.

Note: Equipment valued at less than $1,000, particularly assets susceptible to theft, such as cameras and laptops, are not required to be tracked, but may be tracked at the Department's discretion.

5. ASSET TAGGING

5.1. Every capital asset that is recorded in AMS must have a unique asset number assigned to it.

5.2. Those equipment assets valued at less than $5,000 may be tagged at the department's discretion. If an asset is tagged, the asset must be inventoried.

5.3. The Capital Asset Section, Financial Control & Reporting Division, Department of Finance and Risk Management assigns the asset number and tag to all equipment valued at $5,000 or above. The individual departments will attach the tags to the appropriate equipment.

5.4. Departments are responsible to attaching a unique asset number tag to all non-capitalized assets, those valued between $1,000 and $4,999, and to any asset valued at less than $1,000 if it is being tracked by the department.

5.5. Asset number tags are to be procured from the Capital Asset Section, Financial Control & Reporting Division, Department of Finance and Risk Management. The cost will be allocated to the department.

5.6. Departments are to complete a monthly Asset Tag Report for department non-capital asset tag use. The report will include the asset tag number, name of the department owning the asset, the purchase order or delivery order number, and a brief description of the asset.

5.7. Asset tags should be placed adjacent to the manufacturer's ID plate. If the equipment does not have a manufacturer's ID plate, place the tag so that it does not detract from the appearance of the asset, is not exposed to heavy wear, and does not interfere with the use of the unit.

5.8. Financial Control & Reporting Division, on a sample basis, will validate the tagging of assets to ensure assets are appropriately tagged.

6. ASSET INVENTORY

6.1. Annually, as part of the fiscal year-end process, all of a Department's assets must be inventoried.

6.1.1. For those assets under $5,000, the Departments shall prepare the inventory listing of its assets.

6.1.2. For those assets above $5,000, a Property Inventory Report will be provided by the Capital Asset Section, Financial Control & Reporting Division or may be printed from InfoAdvantage.

6.1.3. Any variance between the inventory listings and the physical inventory must be reconciled and AMS must be adjusted.

6.2. The detailed capital asset listing will be provided to each department, to be used to verify that (1) the capital assets exists) and (2) to gather any missing information for the system.

6.3. If a capital asset should have been retired, transferred or changed, a Fixed Asset Input Form is to be completed (see Attachment 1).

6.4. Any capital asset found to be untagged is to be noted so that an appropriate tag is issued and attached.

6.5. The detailed inventory listing is to be signed by the personnel completing the inventory and the departmental authorized signed.

6.6. Forwarded the signed detailed inventory listing to the Capital Asset Section, Financial Control & Reporting Division, Department of Finance and Risk Management on or before the specified date on the Fiscal Year-End Calendar.

7. ASSET DISPOSAL

7.1. Pursuant to the Pima County Procurement Manual, Section C, part 29.11 (a Board of Supervisors Policy), surplus property will be disposed of by the Procurement Department within the mandates of A.R.S. 11-251 (9), (56), and (58).

7.2. The Procurement Department is responsible to inform the Financial Control & Reporting Division, Department of Finance and Risk Management of all pertinent information regarding any capital asset that is disposed.

PIMA COUNTY

FIXED ASSET INPUT FORM
AMS Advantage

DEPARTMENT _____ DOC CD _____ DOC ID # _____
PREPARED BY _____ DATE _____
PRINTED NAME OF AUTHORIZING OFFICIAL _____
AUTHORIZED SIGNATURE _____ DATE _____

FUNCTION SELECTION (Please check one of the following)

- 2 ○ ADD -- Fill out Sections 1 & 2 in as much detail as available.
- 3 ○ MODIFY -- Fill out Section 1 completely & section 2 only for items to be changed.
- 4 ○ TRANSFER -- Fill out Sections 1 & 3 completely.
- 5 ○ RETIRE -- Fill out Section 1 completely & section 4 in as much detail as available.

SECTION 1 GENERAL INFORMATION

TAG # _____ FIXED ASSET # _____ FA TYPE _____

SECTION 2 ADD OR MODIFY A FIXED ASSET

FUND _____ UNIT _____ OBJECT CD _____ DATE ACQUIRED _____
FIXED ASSET DESCRIPTION _____ FA CATALOG _____
ACQUISITION COST $ _____ FUNDING/PURCHASING AUTH _____ _____
ADDRESS _____ FLR/RM# _____
MANUFACTURER _____ MODEL # _____ SERIAL # _____
DOC CD _____ DOC ID # _____ VENDOR # _____ USEFUL LIFE _____
COMMENTS _____

SECTION 3 TRANSFER A FIXED ASSET

NEW ADDRESS _____
NEW FUND _____ NEW DEPT _____ NEW UNIT _____
AUTHORIZED SIGNATURE OF RECEIVING DEPARTMENT _____
PRINTED NAME OF AUTHORIZING OFFICIAL _____ DATE _____

SECTION 4 RETIRE A FIXED ASSET

ASSET DESCRIPTION _____ SERIAL # _____

- ○ LOST/DAMAGED - ATTACH CAPITAL ASSET LOST/DAMAGE REPORT
- ○ STOLEN - ATTACH COPY OF POLICE REPORT
- ○ DONATED - DONATED TO _____
- ○ OBSOLETE - EXPLAIN BELOW
- ○ TRADED-IN - TRADE-IN ALLOWANCE $ _____ DOC CD _____ DOC ID # _____
- ○ AUCTION/SALE - PROCEEDS $ _____

COMMENTS _____

SECTION 5 FOR FC&R USE

ENTERED ON ACTIVITY REPORT BY _____ DATE _____
ENTERED IN AMS BY _____ DATE _____
APPROVED IN AMS BY _____ DATE _____

Revised: 06/13/2014