

Category: 400

Number: 423

Subject: **CAPITAL ASSETS**

1. **PURPOSE:** The purpose of this policy is to establish procedures to record and control changes in the County's Capital Assets.
2. **AUTHORITY:** The Saginaw County Board of Commissioners.
3. **APPLICATION:** This policy shall apply to any item acquired with an original cost of at least \$5,000.00 and considered to be a capital asset.
4. **RESPONSIBILITY:** The Controller's Office shall be responsible for the implementation and administration of this policy.
5. **DEFINITION(S):**
 - 5.1 **Capital Asset.** Assets that have an original cost of at least \$5,000.00 and a useful life of more than one year will be recorded as capital assets. In the absence of original cost information, the asset's estimated historical cost may be used. Individual assets can be vehicles, equipment, machinery, a building, or building renovations, and land or land improvements. Normal repairs and maintenance are not considered to be capital assets.
 - 5.2 **Original Cost.** Original cost is the total acquisition cost of an asset. It includes price, shipping, installation, and any other related expenses of acquiring and putting the asset into service. In the case of buildings and land, it would include appraisal, survey, environmental reviews, and similar fees. Fair value is used as original cost for donated assets.
 - 5.3 **Useful Life.** Useful life is an estimation of the expected economic life of an asset from the time it is placed into service until its retirement. Useful life will vary with each class of asset based on commonly accepted industry standards.
 - 5.4 **Depreciation.** The straight-line depreciation method shall be used to spread the original cost of an asset over its estimated useful life.
 - 5.5 **Retirement/Transfer.** Retirement is the point in time at which an asset is fully depreciated. When an item is transferred to another department, depreciation continues until its useful life expires. A fully depreciated asset shall remain recorded and be tracked by the department until the time of its disposal.
 - 5.6 **Disposal.** Disposal of an asset represents its physical removal from custody and/or accountability. Disposal is accomplished through one or more of the following means: auction, sale, salvage, trade in, lost, destroyed, or other means that are acceptable to the Board.

5.7 Tag number. Tag numbers will be assigned to assets and used as primary identification for all items entered into the capital asset records.

6. POLICY:

6.1 The general purpose of this policy is to establish the procedure for identifying, inventorying, and recording capital assets.

6.1.1 Any item acquired with an original cost of at least \$5,000.00, a useful life of more than one year and classifiable as a capital asset shall be recorded as a Capital Asset of Saginaw County.

6.1.2 Each department will receive a listing of their capital assets at least once every two years. At which time the department head shall review the list and notify the Controller's Office, in writing, of any changes to the listing such as retirements, transfers, disposals, or acquisitions.

For the Michigan Works! Department, any capital asset item acquired with funds from the Department of Labor and Economic Growth shall be inventoried or physically verified at least annually by a Program Planner. The Program Planner shall maintain a listing of such capital assets and will notify the Controller's Office in writing of any changes to the listing such as retirements, transfers, disposals, or acquisitions so that the capital asset system can be updated to reflect those changes.

6.1.3 All capital assets shall be recorded in the capital asset system with the following information: date of acquisition, original cost, vendor, serial or model number where applicable, description, and department/location tag number.

7. ADMINISTRATIVE PROCEDURES: The Controller's Office is responsible for maintaining the capital asset system and department heads are responsible for custodianship of all capital assets assigned to their departments.

8. CONTROLLER/CAO LEGAL COUNSEL REVIEW: The Controller/CAO has determined that this policy as submitted to the Board of Commissioners contains the necessary substance in order to carry out the purpose of the policy. County Civil Counsel has determined that this policy as submitted contains content that appears to be a legal activity of the Saginaw County Board of Commissioners.

Approved as to Substance:
Saginaw County Controller/CAO

Approved as to Legal Content:
Saginaw County Civil Counsel

ADOPTED: September 16, 2003
AMENDED: November 18, 2008