

CAPITAL ASSETS

POLICY NO. 07-04

PURPOSE:

To provide for the safeguarding of fixed assets and to provide County personnel with accounting guidance applicable to the several categories of fixed assets.

DEFINITION:

Terms relating to the accounting for fixed assets are defined in the following paragraphs.

Capital Assets.

Fixed assets are tangible assets of significant value having a useful life that extends beyond one year. The fixed assets included in this accounting system are land, buildings, improvements, infrastructure, equipment, leasehold improvements and intangible assets as further defined. The terms 'fixed assets' and 'capital assets' may be used interchangeably throughout.

Land.

Land includes the investment, fee simple in real estate other than building and/or improvements.

Buildings.

Buildings include all local government owned buildings except those whose condition prevents their serving any present or future useful purpose. Permanently installed fixtures to or within the building, such as lighting fixtures and plumbing are considered a part of the building. The costs of major improvements to a building, such as additions and renovations, should be capitalized and recorded as a part of the building asset value.

Improvements.

Improvements are physical property of a relatively permanent nature. Examples include storage tanks, parking areas and park facilities.

Infrastructure.

Infrastructure includes capital expenditures relating to roads, curbs and gutters, streets, sidewalks, shoulder safety, drainage systems and lighting systems.

Equipment.

Equipment includes moveable property of a relatively permanent nature and of significant value, such as mobile equipment, office equipment, data processing equipment, machines, tools and office furniture and fixtures. "Relatively permanent" is defined as a useful life span of one year or longer when it is applied to equipment to be inventoried. The County may consistently exercise the option to include other items which it desires to maintain accounting control over. Exceptions to the "significant value" definition and the one-year life rule should be applied consistently.

Intangible Assets.

Intangible assets include software, easements, and right of ways. An intangible asset can only be recognized as an asset if it is identifiable, meaning it can be sold, transferred, licensed, rented, exchanged, or it arises from contractual or other legal rights as per Governmental Account Standards Board.

Leasehold Improvements.

Costs used to increase the service capacity of a leased asset, such as additions, alterations, remodeling, or renovations.

Maintenance.

Maintenance is defined as expenditures that neither materially add to the value of an asset nor appreciably prolong its life. Rather, maintenance keeps an asset in ordinary efficient operating condition. As such, maintenance costs should not be capitalized.

Betterments.

Betterments consist of the replacement of a unit of an existing asset by an improved or superior unit, usually resulting in a more productive, efficient or longer useful life. Significant betterments are considered as fixed assets and should be added to the value of the asset that is improved. Replacement of a part of an existing asset by another of like quality is not betterment, even though the useful life is maintained or extended.

Land Costs.

The acquisition cost of land includes all expenditures relating to its procurement, such as:

- Purchase price
- Appraisal and negotiation fees
- Title search fees
- Surveying fees
- Costs of consents
- Payment of damages
- Clearing land for use
- Demolishing or removing structures
- Filing costs

Building and Other Improvements.

The acquisition cost of buildings, improvements, leasehold improvements and infrastructure includes all expenditures in connection with its procurement, such as:

- Purchase price or construction costs
- Fixtures attached to the structure
- Architect's fees
- Costs of permits and licenses
- Payment of damages
- Insurance costs during construction
- Interest incurred for the purpose of the project – interest on debt

Equipment Costs.

The acquisition cost of equipment includes all expenditures in connection with its procurement, such as:

Purchase price or construction costs, before trade-in allowance, less discounts
Freight or other transportation costs
Installation costs

Software Costs.

The acquisition cost of software created by the government itself (internally generated), by a contracting party acting on the government’s behalf, or the purchase of “off-the-shelf” software.

General Asset Accounts.

The grouping together of assets that share common characteristics, are placed in service in the same fiscal year, and are depreciated as if they collectively represent one asset. Examples include library resources and radio read meters.

Statutory Requirements.

State issued laws and rules addressing local government Capital Assets as follows:

- Florida Statutes Chapter 274
- Florida Statutes Section 274.01
- Florida Statutes Section 274.02
- Department of Financial Services Rule 69I-73

Custodian.

Each department is responsible for the assets assigned to that department and will act as custodian of the property. As specified in FS 274.03, each custodian shall be responsible to the governmental unit for the safekeeping and proper use of the property entrusted to his or her care.

PROCEDURE:

A. Fixed Asset Accounting Transaction

1. Statutory requirements regarding Local Government Owned Tangible Personal Property shall be adhered to.
2. The Clerk of Court and Comptroller’s Department of Financial Services will create and maintain proper subsidiary ledgers to record fixed asset acquisitions, deletions, and changes for all Constitutional Officers with the exception of the Sheriff’s Office per Florida Statutes.
3. The Clerk of Court and Comptroller’s Department of Financial Services will balance the subsidiary ledgers to the general ledger on a regular basis.

B. Capitalization Threshold

The following capitalization thresholds have been established. They are in accordance with Government Finance Officers Association recommended practice, “Establishing Appropriate Capitalization Thresholds for Capital Assets”.

Equipment	\$5,000
Land	Capitalize all

Buildings	\$10,000
Improvements	\$10,000
General Asset Accounts	\$100,000 Annually per group
Infrastructure	\$150,000
Software	\$150,000
Easements	\$150,000
Right of Way	\$150,000
Leasehold Improvements	\$150,000

C. Physical Tagging of Fixed Assets

1. Asset control numbers will not be assigned to land, building, improvements, leasehold improvements, infrastructure, or intangible assets. Asset control numbers will be assigned to equipment with a cost greater than or equal to \$1,000.
2. Asset control decals will be consecutively numbered tags supplied by the Clerk of Court and Comptroller's Department of Financial Services. All Board departments and Constitutional Officers with the exception of the Sheriff will use these tags.
3. The asset control tag will be physically attached to the item of equipment at the time of its addition to the subsidiary ledger. The Clerk of Court and Comptroller's Department of Financial Services will be responsible for coordinating the tagging of equipment.

D. Depreciation

Depreciation is recorded for fixed assets in accordance with Generally Accepted Accounting Principles. Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Improvements	20 years
Improvements –	
Water/Sewer Lines	50 years
Infrastructure	
Roads	50 years
Pavement Management	15 years
Surface Treatment	5 years
Culverts	50 years
Drainage	50 years
Sidewalks	50 years
Signals	20 years
Stormwater	50 years
Shoulder Safety	50 years
Intangibles	per contractual provisions
Leasehold Improvements	life of the lease or life of the improvement, whichever is shorter
Equipment	5-15 years
General Asset Accounts	based upon group characteristics

E. Land Control

The Clerk of Court and Comptroller's Department of Financial Services will maintain a current land ledger and will keep all original deeds of county owned land.

F. Buildings, Improvements, Leasehold Improvements, and Infrastructure Control

The Clerk of Court and Comptroller's Department of Financial Services will maintain a current building, improvement, leasehold improvements and infrastructure ledger.

G. Equipment Control

1. Each department is responsible for the equipment assigned to that department. The Clerk of Court and Comptroller's Department of Financial Services will add all new equipment purchased with County funds to the appropriate department's inventory. All equipment additions, transfers and other changes shall be reported to the Finance Office by the department electronically via the County managed asset notification system.
2. The Clerk of Court and Comptroller's office will conduct an annual inventory of equipment in accordance with Statutory Requirements. Any discrepancies between the subsidiary ledger and the actual inventory shall be explained by the department and, if unreconciled, will be reported to the Board of County Commissioners.
3. At fiscal year end, the Clerk of Court and Comptroller's Department of Financial Services will send detail listings of equipment to the Constitutional Officers to verify.

Replaces: Policy No. 01-08
Reference: July 28, 1981
Adopted: September 18, 1991
Amended: September 24, 2002
Amended: August 23, 2011
Amended: May 8, 2012
Amended: September 25, 2018