

COOLIDGE POLICE DEPARTMENT		
	<p>CHAPTER 78</p> <p>CAPITAL ASSETS</p> <p>CALEA Standard(s):</p>	<p>General Orders</p>
Issue Date: 6-24-13	Review Date:	Revision Date:

A. Purpose

1. The purpose of the Capital Asset Policy is to establish policies and procedures governing the capital asset activities for employees of the Coolidge Police Department that will ensure consistent management of all capital asset activity. This policy is intended to accomplish the following:
 - a. Safeguard the assets of the citizens of Coolidge
 - b. Assign responsibility for the custody of assets
 - c. Provide a basis for formulating capital asset acquisition and valuation, maintenance and retirement processes.
 - d. Ensure compliance with various accounting and financial reporting standards including applicable State and Federal capital asset regulatory and reporting requirements related to property.

B. Definitions

1. Acquisition: A newly acquired, constructed, donated or seized capital asset.
2. Asset System: Several different components that when separate are incomplete or not functional for the intended purpose, but when used together make up one complete asset. (i.e. a security system composed of camera and sensors and central control equipment.)
3. Capital Asset: Assets of a relatively fixed or permanent nature owned by the Coolidge Police Department that have initial useful lives extending beyond a year, and meet the city's defined dollar threshold. This includes:
 - a. Equipment, machinery and vehicles
 - b. Improvements other than buildings (i.e. fencing, parking lots)
 - c. Buildings

- d. Intangible assets, such as software
 - e. Upgrades and/or enhancements of existing capital assets that extend the useful life or the functionality (effectiveness or efficiency) of that asset are also considered a capital asset.
4. Construction in Progress: Asset account that includes and tracks costs incurred to construct or develop a tangible or intangible asset before it is substantially ready to be placed into service.
 5. Department Head: Chief of Police or other Appointed Authority serving as the responsible party for conducting business on behalf of the Coolidge Police Department
 6. Depreciation/Amortization: The allocation of the cost of the property over its economic (useful) life.
 7. Depreciation Method: The method used to allocate the cost of property over its economic (useful) life. Coolidge Police Department uses the straight line method.
 8. Disposal: The process of eliminating an asset from the financial system due to sale, destruction, obsolescence, loss/theft, etc. This process is initiated by the owner department.
 9. Actual Cost (Historical Value): The original cost of a capital asset. If the original cost of a capital asset is unavailable, the estimated fair market value is to be utilized.
 10. Infrastructure Assets: Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.
 11. Intangible Assets: Assets that lack physical form, are identifiable, nonfinancial (i.e. not investments), and have an initial useful life that extends beyond one year. An asset is identifiable if the asset is separable or the asset arises from contractual or other legal rights. Examples of intangible assets include computer software.
 12. Owner Department: The department responsible for the safekeeping and tracking of a capital asset as indicated on the capital asset inventory.
 13. Sensitive Items: Items that do not meet the capital asset dollar threshold and are not capitalized, but are still tracked due to the likelihood of their being lost or stolen. (Examples may include laptops, etc., as determined by the owner department)

14. Salvage Value: The estimated amount that can be realized from the disposition of a retired asset at the end of its estimated useful life. Salvage value for all Coolidge Police Department assets is zero.
15. Useful Life: The time period, in years, over which a capital asset is expected to remain valuable to the Coolidge Police Department.

C. Responsibilities

1. Department Heads

- a. Safekeeping, tracking and management of capital assets procured, constructed, donated, transferred, or located within their respective department(s). Some or all of these responsibilities may be delegated or assigned to a person designated by the Department Head.
- b. Notify the Finance Department of any new capital asset acquired by either seizure or donation within their department and to ensure that all capital assets are properly tagged.
- c. Ensure that the Capital Asset Inventory is completed accurately and to review and certify the Capital Asset Inventory.
- d. Review and sign for all Capital Asset Disposition(s) and Transfers within their respective department(s) and ensure that the Finance Department receives a completed signed copy of the Capital Asset Change Report Form at the time of the event. See Appendix A.

2. The Finance Department

- a. Provide numbered asset tags.
- b. Provide a complete listing of capital assets on an annual basis, or upon request.
- c. Provide training and guidance to departmental staff regarding capital asset management.
- d. Maintain the financial system to ensure accurate and timely financial reporting.
- e. Maintain documents supporting the acquisition and disposal of capital assets.
- f. Review the Internal Audit Office compliance with Capital Asset Policy.

3. Internal Audit

- a. Review the department compliance with the Capital Asset Policy

D. Policy

1. Reporting

- a. The Coolidge Police Department will utilize the financial and capital asset system and other supplementary information to capture and report the data associated with capital assets and expenditures.

2. Acquisitions

- a. Assets are capitalized on an individual basis or as a system.
- b. Constructed or purchased capital assets will be recorded at actual cost. Actual cost includes all charges necessary to place the item in its intended location and condition for use. Actual cost includes, but is not limited to, purchase price, taxes, freight, title search fees, and installation charges. Maintenance and repairs, and maintenance agreements, are not a part of actual cost and should not be capitalized.
- c. Any renovation or alteration to an existing asset, that costs less than the applicable threshold, shall be classified as maintenance and repairs and will not be capitalized. Asset renovations that do not increase the assets utility, or significantly extend the asset's useful life, but only return the asset to its normal operating condition, shall be classified as maintenance and repairs and will not be capitalized.
- d. Donated and Forfeiture assets should be recorded at the estimated fair market value at the date of the gift or seizure. Coolidge Police Department is responsible to report all donations or forfeitures that are equal to or exceed the applicable capitalization level to the Finance Department. The department must submit a Capital Asset Change Report Form along with all other available documentation to ensure these assets are included in the capital asset system, tagged, and appropriately recorded in the financial records.
- e. Assets acquired with federal monies must be used and disposed of in accordance with program/grant requirements.
- f. The following capitalization thresholds (the dollar value above which assets are added to the capital asset accounts), depreciation methods and useful lives are utilized by the City of Coolidge.

1. Items purchased with a unit price equal to or greater than \$5,000 will be inventoried and tagged by the City of Coolidge at a time of purchase. Those items will be entered into the general ledger fixed assets each fiscal year by June 30.
3. Interdepartmental Transfers and Disposition of Capital Assets
 - a. The Coolidge City Council acts in all matters pertaining to the disposition of capital assets and surplus materials.
 - b. Transfers: Transfer of excess or surplus materials between city departments is the responsibility of the transferring department. The department transferring a capital asset to another department within the city shall fill out a Capital Asset Change Report Form. Authorized signatures are required from both the transferring department and the receiving department. The form should be sent to the Finance Department within fifteen (15) days of the occurrence.
 - c. Trade-ins: Before surplus materials approved by City Council are disposed of by trade-in to a vendor for credit on an acquisition, the Chief of Police must approve such disposal. A Capital Asset Change Report Form and an invoice showing a credit to the new asset that replaced the old asset should be submitted to the Finance Department upon completion of the transaction.
 - d. Returns: The owner department shall submit a Capital Asset Change Report Form to the Finance Department accompanied by a credit invoice or other appropriate documentation from the vendor showing that the asset was returned within fifteen days of the occurrence.
 - e. Lost, Stolen, or Destroyed: Lost, stolen, or destroyed assets will be investigated by the Department Head, the Risk Management Office and/or the appropriate law enforcement agency.
 1. Stolen: Within thirty (30) days of date of loss, the department shall submit a Capital Asset Change Report Form, a Police Report, and where applicable an insurance claim, to the Finance Department.
 2. Destroyed or Lost: Within fifteen (15) days of the date of loss, the department shall submit a Capital Asset Change Report Form to the Finance Department. The report must be supported by a satisfactory explanation from the Department Head and where applicable accompanied by an insurance claim.
 - f. Damaged or Obsolete: Before damaged or obsolete capital assets are salvaged/disposed, a Capital Asset Change Report Form must be submitted to the Finance Department.
 - g. Disposition: Disposition of capital assets will be arranged by the Finance Department or Coolidge Police Department in accordance

with sale requirements prescribed in the Arizona Revised Statutes, or Federal Regulations, when applicable.

4. Property Control Procedures for Capital Assets
 - a. Inventories: A complete physical validation (inventory) of all capital assets will be taken by each department annually as directed by the Finance Department. The Finance Department will, at their discretion, ensure that each department is accurately completing their inventories by doing random inventory inspections.
 - b. In addition, a complete inventory of all capital assets will be taken anytime there is a change of Department Head or when there is a change in the person assigned capital asset responsibilities as may be designated by the Department Head.

5. Property Control Procedures for Sensitive Items that are not Capital Assets
 - a. Departments are responsible for all of the property in their possession. In order to safeguard equipment, it may be necessary that departments develop and maintain a Departmental Inventory Control List. It will be the responsibility of each department to determine which items they wish to control; however, the Information Technology Department (IT) will be primarily responsible for tracking IT equipment below the \$5,000 threshold. All departments should comply with the IT Standard Operating Procedures in regards to IT equipment. It is important that each department understands that IT will only be tracking this equipment, and responsibility for the safekeeping of the equipment rests with the owner department. Departmental Inventory Control lists should include those items that are considered “sensitive” or “high-theft” items but fall under the \$5,000 threshold. Internal Audit may, at their discretion, ensure that each department is effectively and accurately safeguarding and tracking their sensitive equipment.

6. Depreciation
 - a. All assets, with the exception of Construction in Progress and Land Assets shall be depreciated using the straight-line method with no allowance for salvage values.

Appendix A

City of Coolidge Capital Asset Change Report

Department: _____

Type of Transaction

Disposal: Salvaged Trade-in Returned Sale
(Check One) Lost Stolen Destroyed Other

Transfer:

Receiving Department: _____

Reason for Designated Action: _____

Tag Number	Description	Serial Number

Authorized Approval Signatures:

Originating Department (signature) (print) _____ Date _____

Receiving Department (signature) (print) _____ Date _____

Chief Financial Officer (signature) _____ Date _____

Approval for Surplus Disposals or Trade-ins

In order for the form to be valid, please ensure the following:

1. Authorizing department is clearly notated. (This is the department in current possession of the asset.)
2. If disposing of equipment, a disposal method is checked. (For example: Returned, Trade-in, etc.)
3. If transferring an asset, the receiving department is clearly designated.
4. A brief explanation of the reason for the transfer or disposal is included. (i.e. broken, obsolete, etc.)
5. The tag number is noted along with a brief description of the asset. A serial number is included if available.
6. The form is approved and signed by someone in the originating department who is authorized to make fixed asset changes. If the form is for a transfer, an authorized signature from the receiving department is required as well.

When the change report is completely filled out, please return the form to the Finance Department. The CFO will review and approve all surplus disposals and trade-ins.