



ASSET MANAGEMENT POLICY

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**Adopted by County Board
August 13, 2013
Amended December 16, 2025**

Our Vision: Being Minnesota's favorite place.

Our Mission: Serve well. Deliver value. Drive results.

Our Values: Be responsible. Treat people right. Build a better future.

ASSET MANAGEMENT POLICY
TABLE OF CONTENTS

<u>SECTION DESCRIPTION</u>	<u>Page</u>
I. Asset Management Policy Statement of Purpose	2
II. Scope	2
III. Capital Improvements Plan (CIP)	2
A. Responsible Participants	2
B. Project Identification	2
C. CIP Project Selection	2
D. Operating Budget Impacts	3
E. Proceeds	3
F. Balanced CIP	3
G. CIP Funding Strategies	3
IV. Capital Budgeting	3
V. Project Management	4
VI. Capital Asset Management	4
A. Capitalization Policy	4
B. Depreciation and Estimated Useful Life	5
C. Maintenance Funding	5
D. Annual Inventory	5
E. Transfer and Disposal	5
F. Donation	5
VII. Asset Management Policy Adoption	6

I. ASSET MANAGEMENT POLICY STATEMENT OF PURPOSE

The purpose of this policy is to provide guidelines to complete the development of the Capital Improvements Plan (CIP), and to guide the County in the management and upkeep of existing capital assets.

II. SCOPE

This Asset Management Policy applies to all capitalized and non-capitalized assets of the County, such as land; buildings and building improvements; infrastructure; furniture, equipment and vehicles; and improvements other than buildings.

III. CAPITAL IMPROVEMENTS PLAN (CIP)

Each year County staff shall develop the Capital Improvements Plan (CIP), which covers all public improvement, building projects, and assets acquired over a certain threshold (described in Note III.B.).

All projects in the CIP should be based on investments determined by master plans that the County Board has formally reviewed and adopted (e.g., Highway Improvement Plan, [Recreational Use Plan](#), Land Asset Management Policy, [Forest Resources Plan](#), [Information Technology Policy](#), [Fleet Vehicle or Equipment Replacement Policy](#), and the [Solid Waste Management Plan](#)).

A. RESPONSIBLE PARTICIPANTS

Requests for project inclusion in the CIP will be reviewed by the Budget Committee and adopted by the County Board annually.

B. PROJECT IDENTIFICATION

The CIP will display, to the maximum extent possible, all major projects in which the County is involved. While the following criteria may be used as a general guide to distinguish which projects should be included or excluded from the CIP, there are always exceptions which require management's judgment.

For purposes of the CIP, a CIP project is *generally* defined to be any project that possesses both of the following characteristics:

- (1) Exceeds an estimated cost of \$5,000; **and**
- (2) Provides for or extends the useful life of the asset at least three years excluding general repairs and maintenance expenses.

Other items for consideration in the CIP include costs to decommission an existing asset; substantial non-capitalizable maintenance, upgrades, or repairs; or non-capitalizable technology enhancements.

C. CIP PROJECT SELECTION

During the budget cycle, departments submit CIP project requests to the central CIP list maintained by Financial Services. This list is reviewed by the CIP Advisory Committee, consisting of the County Finance Director, Fleet Manager, Facilities Manager, IT Director, Land Services Operations Manager, County Administrator, and Administrative Services Director. The CIP Advisory Committee evaluates projects based on three criteria Risk, Relevance, and Readiness, ensuring that projects are selected that reduce risk for the County, are relevant to the organization and goals established by the County Board, and that the project can be delivered upon with the resources available. After review and

updates, the CIP project listing is reviewed by the Senior Management Team and recommended for submission to the Budget Committee. Projects will be selected by the Budget Committee and approved by the County Board, according to County Board priorities.

D. OPERATING BUDGET IMPACTS

Any new projects and all capital equipment purchases will be approved by the County Board on the premise that there will be little or no impact on operating budgets, or that the increase in future operating costs will be outweighed by the benefit provided by the project.

E. PROCEEDS

Auction and insurance proceeds received for the sale or destruction of motorized vehicles originally purchased through the Capital Projects Fund will be receipted to the Capital Projects Fund and will not impact current approved project expenditure budgets. The department may request replacement in the next CIP cycle. When the destruction of such assets infringes on the normal operation of the department, the department may request emergency replacement from the County Administrator.

Auction and insurance proceeds received for the Landfill Enterprise Fund, Tax Forfeited Fund, and Solid Waste (Non-Landfill) Fund will be receipted into their respective funds for ongoing replacement of assets and equipment.

F. BALANCED CIP

Generally, the adopted CIP is a structurally balanced plan. This means that for the entire period, revenues will be equal to project expenditures in the CIP. It is the responsibility of Financial Services and the County Administrator to present a structurally balanced CIP to the County Board. However, as deemed appropriate by the Budget Committee, the Finance Director and County Administrator may present a plan which is designed to either grow or use fund balance, depending upon circumstances and project requirements.

G. CIP FUNDING STRATEGIES

The County's principal means of funding projects shall be Pay-As-You-Go financing (PAYGO). When additional funding is required, the County Board will determine whether to utilize long-term financing options.

The Landfill Enterprise Fund, Tax Forfeited Fund, and Solid Waste (Non-Landfill) Fund will utilize their own funding streams for asset acquisition or improvements, due to the dedicated purposes of these funds.

IV. CAPITAL BUDGETING

If the project costs at project completion are less than the budgeted amount, the balance will be unappropriated and returned to fund balance. The County Administrator is granted authority to allocate capital improvement savings to another CIP item up to the extent of \$50,000 for each capital improvement. Any such CIP items will be specifically identified in the regular progress reviews as required in Note V, and will be subsequently reported to the Budget Committee as appropriate.

If the project costs at the time of bid award are greater than the budget amount, five options are available:

- (1) Eliminate the project.

- (2) Defer the project for consideration to the next financial plan period.
- (3) Re-scope or change the phasing of the project to meet the existing budget.
- (4) Transfer funding from another specified, lower-priority project through the budget amendment process.
- (5) Appropriate additional resources as necessary from fund balance upon approval by the County Board.

Any such actions taken will be specifically identified in the regular progress reviews as required in Note V.

V. PROJECT MANAGEMENT

Every CIP project will have an employee acting as an internal project manager who will prepare the project proposal, ensure the required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and report project status. Financial information related to each project shall be tracked in the County's financial system.

Regular progress reviews: The project manager shall conduct quarterly capital project and program reviews on the physical and fiscal status of each project, and disclose any concerns to Financial Services. Project managers shall analyze project status, project expenditures, and remaining budget. Financial Services will provide such updates as appropriate to the Budget Committee on a semi-annual basis.

Annual and multi-year project budgets: Each department must commit to the timely completion of each approved project. Each project approved by the County Administrator will have a one-year budget, with exceptions as follows:

- Patrol vehicle procurement processes may begin prior to budget availability, to allow time for manufacturing and outfitting, though all actual expenditures must occur in the approved budget year.
- Highway heavy equipment procurement processes may begin prior to budget availability, to allow time for manufacturing and outfitting, though all actual expenditures must occur in the approved budget year.
- Large construction projects, as deemed appropriate by the County Administrator, and as identified during the CIP process.
- Any other project deemed appropriate by the County Administrator, as identified during the CIP process.

VI. CAPITAL ASSET MANAGEMENT

A. CAPITALIZATION POLICY

Capital assets are defined as assets with an initial, individual cost of more than \$15,000, if purchased with non-federal or any asset purchased with federal funds with an initial, individual cost of more than \$10,000, and an estimated useful life in excess of three years.

Capital assets that are purchased collectively and whose individual acquisition costs are less than the threshold of an individual asset will be capitalized if the aggregate amount is \$100,000 if purchased with non-federal and \$10,000 if purchased with federal funds.

In accordance with GASB Statement 87, operating and financing leases will be capitalized on the financial statements if individual costs are considered material by Financial Services and there is a lease term of more than 12 months.

Software must meet additional requirements for capitalization. The County will capitalize fully developed procured software upon completion of implementation. The County will not capitalize the costs of contracting to develop software, as this will be expensed as professional services in the year incurred. However, if the County will maintain proprietary rights to such developed software, the County will capitalize developed software with allowable capitalizable costs in excess of \$100,000 and a useful life in excess of three years.

In accordance with GASB Statement 96, subscription based information technology arrangements will be capitalized on the financial statements if individual costs are considered material by Financial Services and there is a lease term of more than 12 months.

The County will consider infrastructure eligible for capitalization when the final pay request has been submitted, and all County costs have been incurred.

B. DEPRECIATION AND ESTIMATED USEFUL LIFE

Assets will be depreciated using the straight-line method. Estimated useful life of capital assets will be determined using reasonable assumptions, based on current information. In general, the County will use the following broad categories of estimated useful life, although each asset will be considered individually and the useful life may vary. Financial Services will work with the appropriate department head to identify a suitable useful life in ambiguous circumstances.

<u>Asset</u>	<u>Useful Life (Years)</u>
Buildings	50-100
Building improvements	7-50
Infrastructure	10-40
Machinery, furniture, and equipment	3-20
Right-to-use lease equipment	2-5
Right-to-use lease subscription / Software	2-10
Land	Indefinite
Land improvements	3-50
Landfill	5-50

C. MAINTENANCE FUNDING

The County will replace equipment on a scheduled basis to reduce maintenance costs of old equipment and enhance performance due to new equipment technology. The County will maintain an annual building improvement budget.

D. ANNUAL INVENTORY

The County will perform an annual inventory that addresses the physical condition of its assets, by department by asset class.

E. TRANSFER AND DISPOSAL

When an asset still has a useful life and can be repurposed to another department or within the department itself, the Fleet Manager and appropriate Department Heads will coordinate the transfer of the asset.

Once the asset has reached its useful life and can no longer be repurposed to another department or within the department itself, there are three options available for disposal:

- (1) Sell the asset at public auction.
- (2) Use the asset for trade-in on purchase of approved and budgeted asset.
- (3) Salvage the asset.

A more detailed explanation of these disposal methods can be found in the [Fleet Vehicle or Equipment Replacement Policy](#).

F. DONATION

In accordance with Minn. Stat. § 471.3459 the County can donate public works department equipment, and cellular phones and emergency medical and firefighting equipment that is no longer needed because it does not meet industry standards or has minimal or no resale value to one or more non-profit organizations.

Eligible equipment will be determined by the respective department and the non-profit organizations selected will also be determined by the respective department with documentation as to their selection process. Before any donation is finalized, it must be presented to the County Board for approval.

Once the donation of equipment is approved by the County Board, the County will enter into a written agreement with the non-profit organizations.

VII. ASSET MANAGEMENT POLICY ADOPTION

The Asset Management Policy shall be adopted by resolution of the County Board. The policy shall be reviewed on a biennial basis by the Budget Committee and any modifications made thereto must be approved by the County Board.