

Section #140: Replacement of Assets

140.1 Introduction

It is the policy of the Board of County Commissioners (BOCC) to budget for the orderly replacement of existing capital and non-capital assets through the annual operating budget and Capital Improvement Program (CIP). Funding for the replacement of capital assets which have a cost of at least \$100,000 and have a useful life of at least five (5) years shall be budgeted through the CIP (see section **130 Capital Improvement Program**). The replacement of all other existing capital and non-capital assets shall be included in the annual operating budget.

Responsibilities:

The County Manager is responsible for recommending a prudent, balanced annual operating budget to the BOCC for adoption that includes the orderly replacement of existing capital and non-capital assets.

The Director of Budget and Financial Planning is responsible for compiling agency and department asset replacement schedules and assisting the County Manager with a recommendation regarding the amount of asset replacement funding to include in the proposed operating budget.

Elected officials, agency directors, and department directors are responsible for preparing, submitting, explaining, and justifying annual asset replacement schedules.

Definitions:

A capital asset is defined in section **160 Capital Assets**.

A non-capital asset is an asset with a cost of \$1,000 to \$10,000 and a useful life of three (3) years or more.

An asset replacement schedule is a schedule that itemizes relevant financial information, including estimated replacement costs, for existing capital and non-capital assets in a given agency or department.

140.2 Financing Philosophy

The financing philosophy of the BOCC for capital assets which have a cost of at least \$100,000 and have a useful life of at least five (5) years is described in section **130 Capital Improvement Program**. For all other existing capital and non-capital assets, it is the policy of the BOCC to finance asset replacement with either pay-as-you-go (cash) financing or lease financing through the annual operating budget. The County Manager shall include appropriate funding and financing for the replacement of existing capital and non-capital assets in the proposed operating budget, unless otherwise directed by the BOCC during the annual budget process.