

Capital Expenditure Policy

County capitalization policy sets a \$5,000 threshold

Capital asset purchases are accounted for in the 350 fund

Under government fund reporting, expensed in the current year

Under government-wide reporting, capitalization allows for the allocation of the asset cost over the useful life

Capital-like Expenditures and Large Non-annual Expenditures are accounted for in the 300 fund and expensed in the current year under government fund government-wide reporting

Capital Expenditures, 350 Fund – Costs in excess of \$5,000 incurred to add or expand property, facilities, or other assets that are expected to benefit the county for multiple years. These costs are recorded in the 350 fund. Expenditures in Fund 350 must balance with the additions to the county's list of fixed assets.

These types of expenditures should be included in the department's 5 year capital budget plan. This is found on the Capital Expenditure tab in the budget spreadsheet. This allows the County to plan for these items that are expensive and are not an annual operating expenditure.

Capital-like Expenditures and Large Non-annual Expenditures, 300 Fund – Costs under \$5,000 incurred to add or expand property, facilities, or other assets that are expected to benefit the county for multiple years. County policy states that these items are not going to be depreciated but they are capital-like. The County doesn't depreciate items expended in the 300 fund.

The 300 fund also reports large non-annual expenditures. Segregating these expenditures from 350 fund capital and operating fund expenditures serves multiple purposes. First it allows the 350 fund to only include asset expenditures over \$5,000 and allows the reconciliation to the fixed asset listing. Secondly, segregating these expenditures from the operating fund expenditures allows for a leveling of the year to year budget and planning for the annual, recurring operating costs. Thirdly, reporting these costs on the 5 year capital expenditure document allows the board to anticipate and plan for these expenditures and allows the department heads to anticipate when and if these large expenditures may be approved.

300 and 350 Fund Expenditures – These types of costs should be included in the department's 5 year capital budget plan. This is found on the Capital Expenditure tab in the budget spreadsheet. This allows the department head to communicate the future need and the County to plan for these items that are expensive and are not an annual expenditure.

Release of Approved, Budgeted Capital Expenditures – All approved, budgeted capital expenditures must be released by the Board of County Commissioners prior to submitting a purchase order to the County Manager for approval. Purchase orders must be approved prior to purchase.