

DeKalb County Government

**FY 2011
BUDGET
PLAN**

Policies

DEKALB COUNTY GOVERNMENT

FINANCIAL POLICY

(AS ADOPTED MAY 16, 1984)

Purpose: The purpose of a County Financial Policy is to serve as a foundation for long and short range planning, facilitate decision making, and provide direction to staff for handling the County's day-to-day financial business. Because of the broad and diverse nature of the County's numerous committees and departments, having written, clearly defined financial policies minimizes the risk of developing conflicting or inconsistent goals and objectives which could have a negative impact on the overall financial position of the County.

I. Reserves

- A. Each fund should maintain a fund balance at a level which will provide for a positive cash balance throughout the fiscal year.
- B. Adequate insurance or fund reserves will be maintained to not jeopardize the financial position of the County in the event of a major unplanned occurrence.
- C. The paid-hours-off (PHO) system should be funded in an amount that equals the total expected payout for terminating employees in a given fiscal year, less their normal annual accrual.
- D. One-time revenue sources, which are substantial in nature, will be held in reserve until such time as the County Board would identify a specific use.

II. Use

- A. A financial system should be utilized which will provide for on-going budgetary control.
- B. The County Board should annually receive and approve specific goals for departments prior to June 1.
- C. Budget goals for the next fiscal year should be established by the Finance Committee prior to July 1.
- D. A five year capital projects budget should be presented with each annual operating budget.

III. Funding

A. Revenues

1. Sound appraisal procedures will be maintained to keep property values current.
2. Where possible, the County will identify and establish all user charges and fees at a level related to the cost of providing the services; these charges and costs will be re-evaluated annually.
3. Disbursement, collection and deposit of all funds will be scheduled to insure an efficient cash flow and to maximize investments.
4. When permitted by law, the County should pool cash from different funds for investment purposes.
5. The County will encourage the continued growth of the property tax base by adopting a policy statement which allows for new industries to DeKalb County to receive abatements of their county property taxes. It is noted that the degree of success of this policy statement will be contingent on the support of other local government entities in DeKalb County; this support should be a priority of the policy.

B. Expenditures

1. The County will pay all current expenditures with current revenue.
2. Annual appropriations will be made for the adequate maintenance of capital plant and equipment.
3. A plan should be devised and funded which provides for the orderly replacement of equipment.
4. The County will not use long term debt for current operations.
5. Revenue sharing funds will be used only for capital projects or items determined to be "one-time-only" in nature.

IV. Controls

- A. Financial systems will be maintained in accordance with generally accepted accounting principles.
- B. An independent certified public accountant will perform an annual audit and will publicly issue a financial opinion; a statement on internal controls and a management letter will be part of this report.
- C. The County should carefully monitor state legislation and its impact on DeKalb County.
- D. Policies and procedures should be developed to provide for position control, as it relates to authorized positions, hours budgeted and worked, and filling vacancies.
- E. The County should maintain separate policies and administrative procedures for the following areas:
 - 1. personnel
 - 2. information processing
 - 3. purchasing
 - 4. fleet management
 - 5. building utilization
 - 6. travel
 - 7. petty cash
 - 8. risk management
- F. The County will maintain a fixed asset inventory.
- G. Internal control procedures should be formally documented and reviewed periodically.
- H. The County will maintain a comprehensive accounting procedures manual and update it on a continuing basis.

V. Definitions

For purposes of this policy, terms peculiar to governmental accounting will be defined as printed in "Governmental Accounting, Auditing, and Financial Reporting" by Municipal (Governmental) Finance Officers Association of the United States and Canada, 1968.

DEKALB COUNTY GOVERNMENT

FIXED ASSETS CAPITALIZATION POLICY

June 16, 2004

1. The primary purpose of this Capitalization Policy is to (a) provide direction to staff for handling discretionary areas within generally accepted accounting principles for governmental entities as applied to fixed assets, and (b) to inform the public and readers of the County's financial statements of decisions made and implemented where such discretion is allowed within the accounting standards.
2. The intent of capitalizing assets owned by the County is to spread the cost of an asset over the useful life of the asset rather than show the entire acquisition cost as an expense in the year it was acquired.
3. The capitalization of an asset is accomplished by (a) recording the full value (cost) on the balance sheet, (b) showing each year, as an expense (depreciation), that part of the asset which is used (consumed) during a particular twelve month period, and (c) tracking on the balance sheet the sum of the annual expenses (accumulated depreciation) charged since the asset was first acquired and placed into service.
4. Fixed Assets with a value at or over \$500 and an anticipated useful life in excess of one year will be tracked on the County's computerized inventory system and an inventory tag will be applied, where practical, to those items.
5. Fixed Assets will be capitalized if the expected useful life exceeds one year and the value is at least \$10,000, except where the value must be at least (a) \$30,000 for computers and related equipment, or (b) \$50,000 for traffic control signals per pole, or (c) \$50,000 for land improvements.
6. Fixed Assets exceeding the capitalization parameter will be reported on the County's Fiscal Year-End Financial Statements by increasing the value of total assets based on the historical cost in the year acquired. If an item is donated, it will be recorded at its estimated fair value at the time of the donation.
7. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life will not be added to the value of the asset.
8. Fixed Assets with a value under the applicable capitalization parameters will be expensed in the year purchased and recorded as such on the financial statements.

9. Fixed Assets that are capitalized on the Financial Statements will be depreciated starting with the fiscal year following acquisition.
10. The straight-line method of depreciation will be used.
11. The projected useful life of the asset is set forth in Attachment A. Said attachment may be amended from time to time by the Finance Office.
12. For purposes of depreciating assets, no salvage value will be anticipated.
13. Definitions and Assumptions are set forth on Attachment B.
14. The DeKalb County Rehab & Nursing Center is exempt from this Capitalization Policy to allow passage of their own policy which better conforms to their specific industry standards.

DEKALB COUNTY GOVERNMENT

**Useful Life of Fixed Assets for Depreciation
(Utilize Straight-line Method)**

Assets	Years of Useful Life
Backhoe	20
Bridge	50
Building	40
Building improvements	10
Car/SUV/Minivan	7
Chipper	7
Computer	3
Crack sealer	20
Excavator	20
File, Rotary	10
Furniture	10
Generator	10
GIS Equipment	5
Grader, motor	20
Gross Station	7
Land	N/A
Land improvements	20
Lift	20
Micro- Camera	5
Micro- Reader/Printer	5
Micro- Scanner/Computer	3
Parking Lot, Hard surface	20
Parking Lot, Resurface	10
Printer, offset	10
Printer/Copier	5
Radio system	5
Road	20
Roller	15
Scanner	3
Server, Computer	3
SheMng Units	25
Sidewalk	20
Signs	8
SkidSteerloader	10
Snow plow/wing	10
Snowblower	20
Sound system	5
Storm Sewers	50
Street lights	15
Tar machine	20
Telephone system	5
Tractor, mowing	10
Traffic signals	20
Trailer	20
Truck Conveyor	10
Truck crane	20
Truck, dump	10
Truck, pick-up	7
Wacker Roller	10
Walk/Bike Path	10
Wheel Loader	20

Note: Items with an historical cost over \$10,000 will be depreciated, except for computers and related equipment where the threshold will be \$30,000 and land improvements and traffic signals where the thresholds will be \$50,000.

**DEKALB COUNTY GOVERNMENT
FIXED ASSETS CAPITALIZATION POLICY**

DEFINITIONS AND ASSUMPTIONS

1. A bridge is defined as a structure over a waterway where the length is 20 feet or more and is capitalized separately from roads.
2. A culvert is defined as a structure where the length is less than 20 feet and the cost is capitalized as part of the cost of the road.
3. Driveways along a road are included as part of the cost of the road.
4. Curbs are included as part of the cost of the road.
5. The amount of land carried on the balance sheet for roadways may appear low for the number of miles of roads maintained. However, the land for most roads and road right-of-ways is used by the County under easement agreements and the land itself is owned by adjoining land owners.
6. Interior roads and parking lots are treated as Land Improvements and depreciated as such.