

03. FINANCE

3.9. Fixed Assets

BOS Adopted -

3.9.1. Capital Assets. Capital assets shall be capitalized for cost greater than \$5,000 and a useful life of five years or more.

A. Capital Asset Expenditures

- Land or rights to land;
- Buildings;
- Additions to or renovations of buildings that add value to the building, improve it, or extend its useful life;
- Improvements to land other than buildings that add value to the land or improve its utility;
- Equipment, vehicles, and furnishings, as well as additions to or refurbishing of capital equipment;
- Intangibles;
- Construction in progress; and
- Infrastructure.

B. Capital Asset Valuation

1. Actual cost of the item itself and any ancillary costs incurred that are necessary to place the asset in its intended location and condition ready for use.

2. Examples of ancillary costs are freight and transportation charges, site preparation, professional fees, and legal claims.

3.9.2. Non-Capitalized Assets

A. Items of small value may have a relatively long life such as shovels, tool boxes, scissors, etc. should be classified as supplies.

B. Routine maintenance or repair, anything normal or necessary, does not add value to capital asset or materially extend the life of the capital asset should be charged to departmental budget maintenance or supply line item.

3.9.3. Approval Requirements. Capital assets are subject to the County's procurement policy and guidelines except for purchases of technology or related equipment. Technology or related items shall pass through the Director of Information Technology and County Administrator.

3.9.4. Depreciation

A. Capital assets shall be depreciated over the estimated useful life of the asset using the straight-line method as follows:

<u>Assets</u>	<u>Years</u>
Buildings and infrastructure	40 to 50
Building improvements	30 to 40
Water and sewer system	20 to 50
Fire trucks and buses	10 to 15
Vehicles, office and computer equipment	5 to 10

B. Capital assets acquired during the fiscal year will be depreciated in the fiscal year of acquisition.

C. Capitalization of interest costs, in the enterprise funds, will be performed when the interest costs are material in relation to total enterprise fund expenses and fixed assets.

3.9.5. Donated Assets and In-Kind Contributions

A. Assets received by donation are recorded at its estimated fair value at the time of acquisition by the County.

B. Level of authority to accept donated assets and in-kind contributions:

1. Department head for items \$2,500 or less.
2. County Administrator for items \$25,000 or less.
3. Board of Supervisor for items greater than \$25,000.