

# **CAPITAL ASSET PURCHASE AND BUDGETING**

## **POLICY**

The County will follow specific procedures in the funding of capital improvements and equipment. Capital improvements are defined as assets or infrastructure improvements that may legally be funded through the issuance of debt instruments. Capital equipment is defined as equipment or permanent improvement costing \$1,000 and above. While the two definitions may overlap in some cases, Part I below deals primarily with capital improvements that are budgeted through a Capital Improvement Plan that is funded largely through the issuance of debt, and Part II deals primarily with capital equipment that is budgeted for purchase from the funds approved for expenditure from an individual department's budget.

## **SCOPE**

This policy applies to all County departments.

### **Part I – Capital Improvement Plan Budget Policy**

#### **Specific Objective:**

The County will budget annually for the purpose of maintaining its infrastructure.

#### **Policy Statements:**

1. The County will make capital improvements in accordance with the adopted Capital Improvement Program (CIP) except for unanticipated capital improvements approved by the Board of Supervisors.
2. Physical assets will be maintained at a level determined sufficient to protect the County's capital investment and minimize future maintenance and replacement costs.
3. A five-year capital improvement plan will be developed and updated annually.
4. The County Capital Improvement Funds will be maintained under the Board of Supervisors.
5. Estimated costs of each capital improvement will be identified in the plan.
6. Future operating cost projections associated with the capital improvement will be included in the CIP budget request.
7. The County will make road improvements in accordance with the adopted road construction plans.
8. The County will fund mandated projects before non-mandated projects.

**Specific Objective:**

The County will endeavor to raise capital, maintain a sound debt position and protect the County's credit quality.

**Policy Statements:**

1. The County may access the capital markets to finance infrastructure projects and capital equipment.
2. The County will not exceed its legal debt margin.

**Procedures:**

The Board of Supervisors will process departmental requests for capital improvements as follows:

1. Requests should ordinarily be presented to the Board of Supervisors as part of the annual budget process. Requests presented at other times must explain in writing why the request was not submitted earlier and why there is a current pressing need for the improvement.
2. Requests must include the following in writing:
  - An estimated cost, with an explanation of how the estimate was calculated.
  - A list of possible vendors.
  - A timeline describing preparation for and completion of improvement.
  - An explanation of why the improvement is in the best interests of the people of Black Hawk County.
3. The Board of Supervisors will, after deliberation, inform the requestor in writing whether the request is approved, in whole or in part, or denied, and if denied or altered, why.
4. At the time of approval, the Board of Supervisors will tentatively determine the source of funding for the improvement.
5. Approved improvements shall be completed during the fiscal year indicated in the approved plan, unless the timeline is amended with the approval of the Board of Supervisors.
6. For approved requests, the requestor shall provide periodic updates (in a frequency to be determined at the time of approval) indicating the reasons for any substantial deviations from the approved timeline.
7. If the improvement is not completed in the fiscal year indicated in the timeline, as originally approved or amended, the funds approved for the improvement will be made available for other eligible improvements, based on the source of the funds.
8. If the requestor or the Board of Supervisors feel that the original timeline of the improvement must be amended, such amendment must be approved by action of the Board of Supervisors.

## **Part II – Capital Equipment Purchase Policy**

### **PROCEDURE I - ELECTED OFFICIALS**

Elected officials must have their capital equipment budgets approved by the Board of Supervisors prior to the fiscal year in which they are expended, but may spend the funds so approved on their own motion and on items of their choosing, whether these items have been budgeted for specifically or not.

They must report these expenditures to the Board of Supervisors, to determine sufficiency of funds, at the time of purchase. The bidding procedures set forth in the “Bidding Requirements & Procedures Policy” and the “Certificate of Insurance and Insurance Requirements Policy” must be followed. The form entitled “Notification of Purchase of Capital Equipment” should be completed and submitted to the Board and should also accompany the claim for payment submitted to the Auditor’s Office.

### **PROCEDURE II – NON-ELECTED DEPARTMENT HEADS**

The capital equipment budgets of non-elected department heads must be approved by the Board of Supervisors prior to the fiscal year in which they are expended, and each capital equipment purchase must have the prior approval of the Board of Supervisors at the time that the purchase is contemplated.

Prior to the purchase of capital equipment, non-elected department heads must provide drafts of requests for proposal, bidder lists and specifications to the Board of Supervisors, which will review the drafts for appropriateness and determine sufficiency of funds. The form entitled “Request for Purchase of Capital Equipment” must be completed and submitted to the Board when the item is placed on the Board agenda for approval, and should also accompany the claim for payment submitted to the Auditor’s Office.

Equipment that is replaced on site due to emergency is excluded from this policy; however, notification should be sent to the Board as outlined under Procedure I.