

**RESOLUTION
R2016-18**

**A RESOLUTION AMENDING THE DEKALB COUNTY
FIXED ASSETS CAPITALIZATION POLICY**

WHEREAS, the DeKalb County Board adopted a Fixed Assets Capitalization Policy on June 16, 2004; and

WHEREAS, in accordance with current governmental accounting terminology, the term "Capital Asset" replaces the term "Fixed Asset"; and

WHEREAS, the current policy does not address intangible assets, and the County's auditing firm recommends that the policy be updated to include guidance on how to record intangible assets and how to assign useful lives to intangible assets; and

WHEREAS, the inventory threshold of \$500 has been in place since the adoption of the current policy in 2004 and \$1,000 has been determined as a more useful threshold for inventory purposes; and

WHEREAS, the DeKalb County Finance Committee has reviewed proposed amendments to the Fixed Assets Capitalization Policy and now recommends that the County Board adopt said amendments;

NOW, THEREFORE, BE IT RESOLVED, by the County Board of DeKalb County, Illinois, that the attached Capital Asset Policy is hereby adopted and replaces the existing Fixed Assets Capitalization Policy in its entirety, and that all financial statements, beginning with those issued for the Fiscal Year Ended December 31, 2015, should be prepared in accordance with the provisions of the Capital Asset Policy.

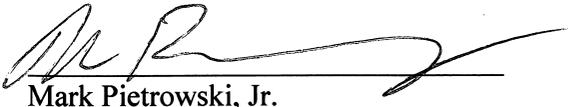
PASSED THIS 17TH DAY OF FEBRUARY, 2016 AT SYCAMORE, ILLINOIS

ATTEST:

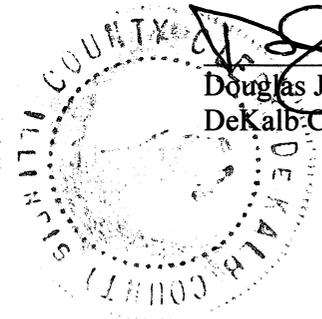
SIGNED:



Douglas J. Johnson
DeKalb County Clerk



Mark Pietrowski, Jr.
County Board Chairman



DEKALB COUNTY GOVERNMENT

CAPITAL ASSET POLICY

February 17, 2016

1. The primary purpose of this Capital Asset Policy is to (a) provide direction to staff for handling discretionary areas within generally accepted accounting principles for governmental entities as applied to capital 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 statement of net position, (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 statement of net position the sum of the annual expenses (accumulated depreciation) charged since the asset was first acquired and placed into service.
4. Capital assets with a value at or over \$1,000 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. Capital 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) \$30,000 for software, or (c) \$50,000 for traffic control signals per pole, or (d) \$50,000 for land improvements. Intangible assets exceeding these capitalization thresholds will be capitalized on a prospective basis from the effective date of this policy.
6. Capital 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. Capital 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. Capital assets that are capitalized on the Financial Statements will be depreciated starting with the fiscal year following acquisition with the exception of land and easements which will not be depreciated.
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 Capital Asset Policy to allow passage of their own policy which better conforms to their specific industry standards.

DEKALB COUNTY GOVERNMENT
Useful Life of Capital Assets for Depreciation
(Utilize Straight-Line Method)

Assets	Years of Useful Life
Air Handler	5
Audio Visual Sound System	5
Backhoe	20
Bobcat	10
Bridge	50
Building	40
Building Improvement	10
Car/SUV/Minivan	7
Chipper	7
Computer	3
Copy Machine	5
Crack Sealer	20
Easements	N/A
Excavator	20
Fiber Optic Cable	20
Fiber Optic Duct	7
File, Rotary	10
Flagpole	5
Furniture	10
Fuel Dispenser	10
Generator	10
GIS Equipment	5
Grader, Motor	20
Gross Station	7
Intangibles, Other	3
Land	N/A
Land Improvement	20
Lift	20
Micro-Camera	5
Micro-Reader/Printer	5
Micro-Scanner/Computer	3
Mower	10
Panic Alarm	5
Parking Lot - Hard Surface	20
Parking Lot - Resurface	10
Plotter	5
Plow	10
Postage Machine	10
Printer, Offset	10
Printer/Copier	5
Radio/Sound System	5
Road	20
Roller	15
Roof	20

DEKALB COUNTY GOVERNMENT
Useful Life of Capital Assets for Depreciation
(Utilize Straight-Line Method)

Assets	Years of Useful Life
Scanner	3
Server, Computer	3
Shelving Unit	25
Sidewalk	20
Signs	8
Skid Steer Loader	10
Snow Plow/Wing	10
Snow Blower	20
Software	3
Sound System	5
Storm Sewer	50
Street Light	15
Tailgate Spreader	10
Tar Machine	20
Telephone System	5
Tractor, Mowing	10
Traffic Signal	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
X-Ray Unit	5

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

**DEKALB COUNTY GOVERNMENT
CAPITAL ASSET 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 statement of net assets 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.
7. An intangible asset can only be recognized as an asset if it is identifiable, meaning it can be sold, transferred, licensed, rented, exchanged, or it arises from contractual or other legal rights, and must have the following three characteristics to be categorized as such: a) it does not have a physical (tangible) substance, b) it is non-financial in nature, and c) it has an initial useful life that is greater than one year (for example, software or easements). Intangible assets are amortized rather than depreciated, however, the term depreciation is used throughout this policy for both tangible and intangible assets for simplicity.