

DeKalb County Government

FY 2012  
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
SkidSteer/loader	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.

**DEKALB COUNTY GOVERNMENT**  
**FUND BALANCE REPORTING & FLOW OF FUNDS POLICY**  
(Adopted by the County Board November 16, 2011)

**Background**

The Governmental Accounting Standards Board (GASB), the rule-making authority for governmental accounting, has issued a pronouncement relating to how governmental entities report fund balance. This pronouncement (GASB #54), seeks to make fund balance reporting more consistent and much clearer to not only regular users of financial statements, but also for the layperson. The new terms are intended to be easier to use and implement and provide a more logical framework for presenting the fund balance.

GASB #54 has identified five levels of restrictions on fund balance, listed in a hierarchy from most constrained to the least constrained:

1. Non-Spendable - noncash items (prepaid, inventory) or endowments
2. Restricted - limited by external actions, such as Federal or State law
3. Committed - self imposed restraints at the highest level of decision-making
4. Assigned - for a specific intended purpose
5. Unassigned - anything left over and available

**Policy Statement & Implementation**

DeKalb County Government will comply with GASB #54 by assigning and reporting fund balances in the various governmental accounting funds to one or more of the five levels of restriction denoted by the Governmental Accounting Standards Board. The County intends to spend the most restricted dollars before the less restricted dollars in the same order as noted above. The County's Chief Financial Officer is directed to make the proper allocations prior to December 31, 2011 and starting in 2012 to annually recommend to the Finance Committee, for their approval, fund balance allocations within the GASB #54 rules, that are reflective of the County's mission and operating goals, for the various governmental funds.

Resolution R-2011-65

RESOLUTION APPROVING A BOND RECORD-KEEPING  
POLICY FOR DEKALB COUNTY GOVERNMENT

WHEREAS, DeKalb County Government will from time to time issue bonds, either tax exempt or taxable (such as with the recent Build America Bonds and the Recovery Zone Bonds), for the purpose of financing major capital projects, and

WHEREAS, those bond issues often contain provisions for specific annual documentation and reporting by the County as well as compliance with applicable Federal and State laws and regulations specific to various bond issues, and

WHEREAS, it is necessary and in the best interest of the County to maintain sufficient Records to demonstrate compliance with applicable Federal and State laws as well as with various bond covenants and to adopt policies with respect thereto;

NOW, THEREFORE, BE IT RESOLVED by the DeKalb County Board that the following eight sections are hereby adopted:

*Section 1. Incorporation of Preambles.* The Chairman and the Board of DeKalb County Government (the "*Corporate Authorities*") hereby find that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by reference.

*Section 2. Compliance Officer is Responsible for Records.* The Chief Financial Officer of the County (known, for purposes of this Resolution only, as the "*Compliance Officer*") is hereby designated as the keeper of all records of the County with respect to the Debt Obligations and such officer shall report to the Finance Committee of the County Board in June of each year that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

*Section 3. Closing Transcripts.* For each issue of the Debt Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct, and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Obligations, including without limitation (a) the proceedings of the County authorizing the Obligations, (b) any offering document with respect to the offer and sale of the Obligations, (c) any legal opinions with respect to the offer and sale of Obligations delivered by any lawyers, and (d) all written representations of any person delivered in connections with the issuance and initial sale of Obligations.

*Section 4. Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the County with respect to the Obligations and shall prepare a report for the County Board stating whether or not the County has any rebate liability to the U.S. Treasury and setting forth any applicable exemptions that the Obligations may have from rebate liability. Such report shall be updated annually in June and delivered to the Finance Committee of the County Board.

*Section 5. Recommended Records.* The Compliance Officer shall review the records related to the Obligations and shall determine what requirements the County must meet in order to maintain the interest paid on the Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Obligations is entitled to be excluded from "gross income" for federal income tax purposes. Notwithstanding any other policy of the County, such retained records shall be kept for as long as the Obligations relating to such records (and any Obligations issued to refund the Obligations) are outstanding, plus three years, and shall at least include:

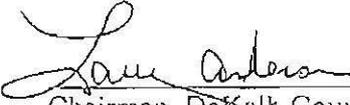
- (a) Complete copies of the bond transcripts delivered when any Obligations are initially issued and sold;
- (b) copies of account statements showing the disbursement of all bond proceeds for their intended purposes;
- (c) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any Obligations have been held;
- (d) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any tax-exempt bond obligations, including any sways, swaptions, or other financial derivatives entered into with respect to any tax-exempt bond obligations in order to establish that such instruments were purchased at *fair market value*;
- (e) copies of any subscriptions to the U.S. Treasury for the purchase of State and Local Government Series (SLGS) obligations;
- (f) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of tax-exempt bond obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and
- (g) copies of all contracts of the County, including any leases, with respect to the use of any property owned by the County and acquired or financed with the proceeds of tax-exempt bond obligations, any part of which property is used by a private person at any time when such bonds are or have been outstanding.

*Section 6. IRS Examination.* In the event of the Internal Revenue Service ("IRS") commences an examination of any Obligations, the Compliance Officer shall inform the Chairman of the County Board of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination.

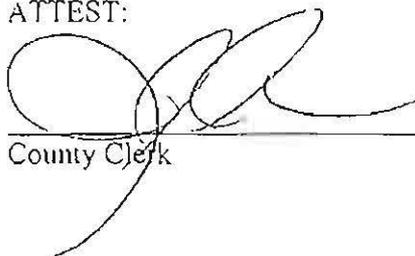
*Section 7. Severability.* If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*Section 8. Repeal.* All resolutions or parts thereof in conflict herewith are, and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon adoption.

PASSED AT SYCAMORE, ILLINOIS THIS 16<sup>TH</sup> DAY OF NOVEMBER, 2011 A.D.

  
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Chairman, DeKalb County Board

ATTEST:

  
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County Clerk