

TITLE 10

SPECIAL ORDINANCES, REGULATIONS, RULES, POLICIES, AND BARGAINING AGREEMENTS

SUBTITLE 3 — POLICIES

POLICY 16

CAPITALIZATION OF TANGIBLE ASSETS

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16.010 Purpose

The purpose of this policy is to establish capitalization thresholds for Linn County's tangible capital assets. While it is incumbent upon the County to maintain adequate control over all of its resources, including tangible capital assets, to minimize the risk of loss or misuse, it is also important to limit the number of capitalized items to a manageable level that supports effective financial reporting.

[Adopted 01-405 eff 6/30/01]

16.100 Policy statement

It is the policy of the County that the capitalization thresholds for its tangible capital assets be established so that an asset is capitalized only if:

- (A) the asset costs \$5,000 or more, and
- (B) the asset has at least a three-year life.

[Adopted 01-405 eff 6/30/01]

16.200 Definitions

As used in this policy, the following definitions apply:

(A) “**Agency**” means those elected officials and department heads set forth in LCC 630.020 under the definitions of “elected official” and “department head.”

(B) “**Board**” means the Linn County Board of Commissioners.

(C) “**Department head**” has the meaning given the term in LCC 630.020.

(D) “**Elected office**” has the meaning given the term in LCC 630.020.

(E) “**LCC**” means the Linn County Code.

(F) “**LCP**” means the Linn County Policies.

(G) “**Tangible capital asset**” means land, buildings, building improvements, vehicles, machinery, equipment or infrastructure (roads, bridges, sidewalks and similar items).

[Adopted 01-405 eff 6/30/01]

16.220 Applicability

This policy applies to all Agencies of Linn County government.

[Adopted 01-405 eff 6/30/01]

16.300 Background

As a part of the financial reporting requirements for the County, outlays benefitting multiple

periods of reporting are capitalized rather than treated as an expense of the period of acquisition. Both the County's auditors and the Government Finance Officers Association recommend establishing thresholds, both in cost and useful life, for that capitalization and reporting process.

[Adopted 90-474 eff 7/11/90; and 01-405 eff 6/30/01]

16.400 Policy term

This policy applies until it is amended or rescinded by the Board.

[Adopted 01-405 eff 6/30/01]

16.500 Procedure to comply with the policy

(A) The value threshold established by this policy for tangible capital asset capitalization shall be entered into the County's computerized accounting program in a manner that will ensure that all tangible capital expenditures are measured against the dollar value threshold established by this policy and only those expenditures that meet or exceed that threshold are capitalized.

(B) This policy is not intended to limit or restrict procedures or systems established and used to exercise control over non-capitalized tangible capital-type assets that do not meet the threshold requirements for capitalization.

[Adopted 90-474 eff 7/11/90; amd 94-284 eff 6/15/94; 98-031 eff 2/4/98; amd 01-405 eff 6/30/01]

References and Authorities:

Legislative History of Policy 16:

Adopted 90-474 eff 7/11/90

Amendments to 90-474:

#1 94-284 eff 6/15/94

#2 98-031 eff 2/4/98

#3 01-405 eff 6/30/01
