

# Roane County Capital Projects Policy

Adopted March 11, 2011

Resolution #03-11-22

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- ▶ Attached the Policy
- ▶ Referenced in the Appropriations Resolution
- ▶ Expresses intent to follow the policy
- ▶ Allows for exceptions if so noted in the approving resolution with documented justifications

# Policy Objectives

1. Educational briefing: Categories of capital assets and their respective accounting
2. Allows decisions to be transparent
3. Provides a medium in which long term planning for new and replacement assets can be studied
4. Identifies revenue streams that can support capital projects
5. Creates an accounting plan to establish and maintain capital management creditability

# 1. Categories and Accounting

- ▶ Minor capital asset–
  - Life expectancy 1–5 years
  - Small expenditure cost relative to the fund
  - Cost between \$1,000 to \$20,000
  - Examples:
    - Computers
    - Radios
    - Furniture
    - Certain tools and equipment

# 1. Categories and Accounting (con't)

- ▶ Medium Capital Asset
  - Life Expectancy– 3–12 years
  - Cost related small to the operating fund
  - Cost between \$20,000– \$400,000
  - Examples:
    - Vehicles
    - Roof replacement
    - Certain heating and cooling replacement
    - Walkways
    - Road improvements
    - Certain recreation improvements

# 1. Categories and Accounting (con't)

## ▶ Large Capital Asset

- Life expectancy– 12 to 15 years or greater
- Large cost relative to the operating fund or department
- Estimated cost \$200,000 and up
- Asset purchase would generally require the issuance of debt
- Examples:
  - New building construction or purchase
  - Major replacement of roofs and certain road improvements

# Replacement Scheduled Assets

- ▶ Those assets that should have a scheduled timeframe of use and procurement without the need to borrow money for those assets
- ▶ Examples:
  - Computers
  - Vehicles

# How are the respective categories of Assets Purchased?

- ▶ Minor Capital Assets– from respective operating funds
- ▶ Medium Capital Assets– generally from capital project funds unless a replacement scheduled asset then either capital fund or operating fund
- ▶ Major Capital Assets– generally from a capital outlay fund

## 2. Transparency of Decisions

- ▶ Capital budget shall be adopted by project(s)
- ▶ If annual revenue supports a project then annual appropriation budget shall be adopted
- ▶ Capital budgets remain authorized until project is completed or closed

## 2. Transparency (con't)

- ▶ Director of Accounts and Budget Responsibilities:
  - Capture data on a capital asset request form from department head
  - Complete state Public Infrastructure Needs Survey
  - Understand and review county's Fixed Asset policy and reports
  - Consolidate Department Heads/Elected Official request
  - Annually and periodically report project status to county commission

## 2. Transparency (con't)

- ▶ County Executive, Budget Committee and County Commission duties and responsibilities:
  - Consolidate request
  - Program into either operational budget or capital budget plan
  - Funding approval

## 2. Transparency (con't)

- ▶ Highway and School Department shall have separate responsibilities for capital planning

# 3. Medium for Long Term Planning for new and replacement assets

- ▶ Consolidate requests and reports by:
  - Project name
  - Sub fund projects
    - Balance Sheets
    - Project Budget Remaining
    - Statement of Revenues and Expenditures against remaining project budget and entire project
    - Time calendar or Gantt chart project schedule
  
- ▶ File reports with commission

# 4. Revenue Streams to support Capital Projects

- ▶ Various revenues can be used or assigned to help support capital projects
- ▶ For 2011 budget 2 cents transferred from General Fund 101 and 2 cents from General Debt Service fund 151
- ▶ One time type of revenue
  - Property tax from TVA PILOT
  - Recreation Fees – leases Caney Creek Marina and RV park
  - Certain grants
  - Debt issues
  - Excess fund balances

# 5. Accounting plan for creditability

- ▶ Establish permanent General Capital Project Fund 171
- ▶ Establish sub funds by projects
- ▶ Report to public and commission by sub fund– projects

# Capital Project Policy Attachments

- ▶ Attachment A– Thresholds for
  - Highway
  - Schools
- ▶ Attachment B– Position Statement: Purchase of Replacement Scheduled Capital Assets