

**Creation and Adoption of Policy 910 & 911**

**Resolution No 37-08**

**WHEREAS**, the Polk County Board of Supervisors approves all policies and;

**WHEREAS**, the Finance Committee has reviewed the current financial policies and;

**WHEREAS**, the Finance Committee recommends the adoption of Policy 910 and Policy 911 to formalize the current financial practices;

**NOW THEREFORE BE IT RESOLVED** that the Polk County Board of Supervisors accordingly adopts

Policy 910 – Fund Balance  
Policy 911 – Capital Assets

as attached hereto and incorporated herein.

Funding Amount:: N/A

Funding Source: N/A

Date Finance Committee Advised: May 7, 2008

Finance Committee Recommendation: Passage

Approved as to form: *Jeffrey B. Fuge*

Jeffrey B. Fuge, Corporation Counsel

Date Submitted to County Board: May 20, 2008

County Board Action: \_\_\_\_\_

Effective: Upon passage

Submitted at the Recommendation of the Finance Committee:

*Gary P. Bergstrom*  
Gary Bergstrom

*Mick Larsen*  
Mick Larsen

*Brian R. Masters*  
Brian Masters

*Bryan Beseler* 5/7/08  
Bryan Beseler

*Kathryn Kienholz*  
Kathryn Kienholz

This Resolution was enacted by the Polk County Board of Supervisors on May 20, 2008.

\_\_\_\_\_  
Bryan Beseler, Polk County Board Chairperson

Dated: \_\_\_\_\_

Attest: \_\_\_\_\_

Catherine A. Albrecht, County Clerk

Dated: \_\_\_\_\_

**Polk County Wisconsin**

**FUND BALANCE POLICY**

**Policy 910**

**Effective Date: 05-20-2008**

**Fund Balance Policy**

**Purpose and Scope**

The purpose of this policy is to establish a framework for the unreserved fund balance, both designated and undesignated, in the general fund. This policy is to improve the county's financial stability by maintaining appropriate reserves to withstand economic downturns, emergencies or natural disasters, short-term capital improvements and operating cash flow needs.

**Policy**

These policy guidelines will provide direction during the budget process and demonstrate a commitment to maintain adequate financial reserves for long-term financial planning.

- A. The county will manage its fund balance within the following parameters:
  - a. The county will maintain an unreserved fund balance of not less than 20% based on the budgeted operating expenditures, as measured on December 31<sup>st</sup> of each year.
  - b. And the county may decide to maintain a target level of no less than four months of the current years budgeted operating expenditures in the fund balance.
  - c. The parameters should be reviewed by the Finance Committee annually or more often if conditions change.
  
- B. The county will maintain appropriate levels of fund balance by:
  - a. Allowing for the planned use of fund balance for defined purposes, including property tax relief and funding for major capital projects or time-limited projects;
  - b. Designating fund balance for future expenditures, carryover, cash flow and incurred but not recognized items, budget stabilization, long-term personnel obligations, and
  - c. Using fund balance to mitigate the effects of fluctuations in state aid.
  
- C. If any planned use of fund balance or if the fund balance falls below 20% there shall be an accompanied plan to restore the fund balance to the minimum targeted level.

**Monitoring and Reporting**

The Finance Director will estimate the surplus or deficit for the current year and prepare a projection of the year-end unreserved fund balance to the Finance Committee, as part of the annual budget process.

## Polk County Wisconsin

### CAPITAL ASSET POLICY

#### Policy 911

Effective Date: 05-20-2008

### Capital Asset Policy

#### Purpose and Scope

The purpose of a capital asset policy is to provide control and accountability over the county's assets and to assist departments in gathering and maintaining information needed for the preparation of the financial statements.

#### Policy

This capital asset policy is in accordance with Generally Accepted Accounting Principles for proper recording, valuation, depreciation, useful lives and retirements.

The following guidelines will establish capitalization thresholds for capital assets:

- Items that have an estimated useful life of at least two years following the date of acquisition;
- Any item greater than or equal to \$5,000 for the financial reporting threshold and/or any item greater than \$500 for asset tracking purposes;
- It improves the usefulness of an existing asset or extends its useful life;
- It is tangible in nature; meaning it does not materially change its form through use.

#### Valuation of Capital

Capital assets should be reported at their acquisition cost or historical cost which includes the purchase price or construction cost, sales tax, modifications, attachments, accessories or any other item necessary to make an asset useable or render it into service\*. Capitalization also includes cost of freight, site preparation, architect and engineering fees, etc.

*\* Exclude the cost of repairs or routine maintenance that does not add to the value of the capital asset.*

If the original cost is not available or if an asset is donated, then the estimated fair-market value determines the asset's cost or acquisition value. Sources to determine fair market value include: recent sales of similar assets, price index table, market appraisal or an outside vendor.

A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset. Trade-in value, if any, should be included in an asset's cost. *Example: Purchase price + trade-in value = total cost of asset.*

#### Depreciation of Capital

Depreciation will be calculated using the straight line method. In straight line depreciation, the cost of the asset (less any salvage value) is pro-rated over the estimated useful life of the asset.

Assets may be depreciated individually or in groups. The cost of assets similar in nature (tables, chairs, etc.) or assets dissimilar but related by mode of operation (water treatment) may be grouped together then depreciated as on group.

*Land and construction in process are not depreciated.*

**Useful Life of Capital**

Departments are responsible for establishing and utilizing an appropriate useful life for their assets.

	<u>Estimated Useful Life</u>
Land Improvements	15-25 Years
Buildings and Improvements	10-35 Years
Machinery and Equipment	4-20 Years
Infrastructure	25-50 Years

**Disposal of Capital**

Assets may be disposed of in the following ways: by sale, auction, trade-in, obsolescence, lost, stolen or damage beyond repair. Before disposal takes place, consult with the department head of the appropriate department.

**Reporting of Capital**

The Department of Administration will annually provide each department with a capital asset list and a statement of values to review at year end. Each department will report any changes with documentation for any additions or disposed assets.