

## **FP 17: Capital Improvement Policy**

***The County will develop and manage a five-year capital improvements plan (CIP) which projects capital needs and details estimated costs, description, anticipated funding sources for capital projects, as well as identifies ongoing operation and maintenance cost associated with the project.***

The annual update of the CIP will be conducted in conjunction with the annual operating budget process.

The first of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process.

The CIP will generally address those capital assets with a value of \$50,000.00 or more and a useful life of five years or more.

A programming or cost estimation study is eligible for inclusion in the CIP for a project for which a future request is being considered. Such a study is encouraged to generate reliable cost estimates for the CIP.

The County expects to see new capital items generally first appear in the last year of the CIP.

The County acknowledges pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project both on an individual basis after examining all relevant factors of the project and in conjunction with the funding of the entire CIP.

The capitalization threshold for fixed assets shall be \$5,000.00. The threshold will be applied to individual fixed assets and not to groups of fixed assets. Fixed assets will only be capitalized if they have a useful life of at least two years following the date of acquisition. A physical inventory of capitalized fixed assets will be performed, either simultaneously or on a rotating basis, so that all fixed assets are physically accounted for at least once every four years.