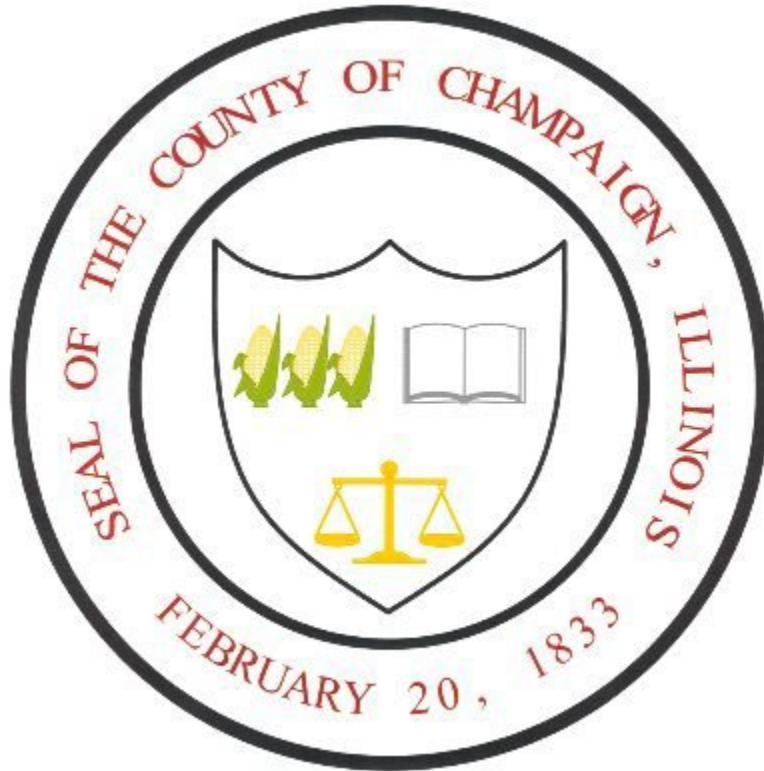


Champaign County



Capital Asset Policy and Procedure Manual

*As Adopted by Champaign County Board
Ordinance No. 2025-2*

Table of Contents

1. Introduction	3
2. Scope	3
3. Policy Statement	4
4. Definition of Capital Assets	4
5. Procedures	6
5.1. Asset Acquisition	6
5.2. Capitalization Criteria	6
5.3. Depreciation	7
5.4. Inventory and Tracking	7
5.5. Reporting	7
5.6. Disposal of Assets	8
5.7. Transfer of Assets	8
6. Responsibilities	8
7. Policy Review	9

1. Introduction

Champaign County, Illinois, maintains a capital asset accounting system to ensure consistent, accurate, and transparent recording and reporting of monetary amounts associated with capital asset transactions. This system encompasses policies, procedures, and methods designed to address the acquisition, use, control, protection, maintenance, and disposal of capital assets.

The establishment of this Capital Asset Policy and Procedure Manual was approved by the Champaign County Board on January 23, 2025, and supersedes all previously established policies. This policy outlines the requirements for the capitalization and management of movable equipment and real property. It includes guidelines for the acquisition of land, buildings, capital equipment, and renovations or improvements to existing real property owned or leased by Champaign County.

2. Scope

This policy applies to all departments, divisions, and entities under the jurisdiction of Champaign County, including boards, commissions, and agencies responsible for the acquisition, maintenance, and disposal of capital assets.

The policy has been established to ensure conformity with:

- Generally Accepted Accounting Principles (GAAP) as applicable to governments,
- Federal requirements under 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and
- Other applicable federal and state laws.

3. Policy Statement

Champaign County shall ensure proper accounting and stewardship of public assets through consistent recording, monitoring, and reporting of capital assets. This policy aims to support transparency, accountability, and efficient use of taxpayer resources.

4. Definition of Capital Assets

Land is real property owned by Champaign County that is used for operations, development, or public purposes. It includes all costs incurred to acquire the land, such as purchase price, legal fees, closing costs, and site preparation expenses (e.g., grading, clearing). Land is not depreciated.

Land improvements are enhancements made to land to increase its functionality or usability. Examples include landscaping, fencing, parking lots, sidewalks, irrigation systems, and outdoor lighting.

Buildings refer to structures owned by the Champaign County that are used for administrative, operational, or public purposes. This includes costs associated with acquisition, construction, legal fees, architectural services, and permanently attached fixtures.

Building improvements are modifications or renovations to existing buildings that extend their useful life, enhance their functionality, or increase their value. Examples include major structural changes, HVAC system upgrades, or roof replacements. Routine maintenance and minor repairs are not capitalized.

Infrastructure – Roads includes long-lived capital assets that provide essential transportation networks, such as streets, highways, and paved pathways. The costs of constructing, reconstructing, or improving roads, including grading, paving, signage, and curbs, are capitalized. Routine maintenance is not capitalized.

Infrastructure – Bridges encompasses long-lived capital assets used for transportation and public access, such as vehicular or pedestrian bridges. Costs

associated with construction, reconstruction, or major improvements, including materials, labor, and engineering services, are capitalized. Routine maintenance costs is not capitalized.

Equipment consists of tangible, movable items owned by Champaign County that are used in operations. Examples include vehicles, machinery, computers, and office furnishings. Equipment shall be capitalized on a per unit basis. A "unit" is defined as a single piece or collection of equipment that, when assembled, operates as an independent, stand-alone asset or serves as an enhancement to an existing asset. The definition of a unit includes any installation costs and accessory components necessary to achieve full functionality, provided these costs are incurred at the time of acquisition of the primary equipment, or within 6 months of purchase of squad vehicles.

Construction in Progress (CIP) refers to the costs incurred for projects under construction or development that are not yet completed or ready for their intended use. These projects typically include new buildings, infrastructure, major renovations, or other capital improvements. Once the project is completed and placed into service, the total accumulated costs are reclassified to the appropriate asset category (e.g., Buildings, Infrastructure) and begin depreciation based on their useful life. CIP is not depreciated while the project is still in progress.

Right-to-use assets relate to leases and information technology contracts. GASB Statement No. 87, *Leases*, defines a lease as a contract that conveys control of the right to use another entity's non-financial asset, as specified in the contract for a period of time greater than a year in an exchange or exchange-like transaction. Non-financial assets include land, buildings, building improvements, vehicles and equipment, GASB Statement No. 96, *Subscription-Based Technology Arrangements (SBITA)*, defines SBITA as a contract that conveys controls of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time greater than a year in an exchange or exchange-like transaction.

5. Procedures

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental funds at the time of purchase. Governmental capital assets are reported in the government-wide financial statements, offset by accumulated depreciation and amortization. Capital assets are valued at actual or estimated historical cost (except for intangible right-to-use assets, the measurement of which is discussed below), while donated capital assets are valued at acquisition value as of the date donated. Capital assets received in a service concession arrangement are valued at acquisition value.

5.1. Asset Acquisition

- Capital asset purchases shall follow the Champaign County Procurement Policy Rules, Regulations, and Procedures For Purchasing.
- Costs included in capitalization may consist of:
 - Purchase price, including taxes, shipping, and handling.
 - Installation and preparation costs.
 - Direct legal, engineering, or architectural fees.
- Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for the lease payments made at or before the lease commencement date, plus certain initial direct costs.
- Right-to-use SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term.

5.2. Capitalization Criteria

- Thresholds:
 - *Land* of any cost.
 - *Buildings and Land Improvements* valued at or above \$25,000
 - *Infrastructure* costs at or above \$100,000
 - *Equipment* costs at or above \$10,000

- Assets with costs below the thresholds are not capitalized unless required for grant or program reporting.

5.3. Depreciation and Amortization

- Depreciation and amortization is calculated on all assets, other than land and construction in progress, using the straight-line method. Depreciation (and amortization) commence when an asset is placed in service, which is the date it becomes available for its intended purpose. Capital assets have the following estimated useful lives:
 - Land Improvements: 15 years
 - Buildings: 20-40 years
 - Building Improvements: 15 years
 - Infrastructure - Roads: 15 years
 - Infrastructure - Bridges: 50 years
 - Equipment: 5-10 years
- Lease and SBITA right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

5.4. Inventory and Tracking

- An inventory of all capital assets shall be conducted annually by the County Executive's Office or other designated department.
- All capital assets will be tagged or otherwise identified to ensure proper tracking.

5.5. Reporting

- All capital assets shall be recorded in the Champaign County Capital Asset Register, maintained by the County Executive's Office or other designated department.
- Annual financial reports will include any required footnote disclosures or schedules of capital assets, consistent with GAAP under Governmental Accounting Standards Board (GASB) reporting requirements.

5.6. Disposal of Assets

- Disposal of assets requires prior approval from designated department head in which the asset resides.
- Disposal of assets requires the completion of the Capital Asset Equipment Change Form, which must be submitted to the County Executive's Office or the designated department.
- Methods of disposal include public auction, trade-in, donation, or recycling, as permitted by law.
- Proceeds from the sale of assets shall be deposited into the appropriate fund from which the original purchase was financed.
- In compliance with GASB Statement No. 34, if an asset is disposed of before the end of its useful life, a gain or loss will be recognized and reported at the government-wide level. However, at the fund level, only the proceeds from the sale of the asset will be reported, rather than the associated gain or loss.

5.7 Transfer of Assets

- Transfers typically involve updating specific details within a capital asset record, such as location codes, department codes, or custodial responsibility. These updates do not impact the asset's useful life, original cost, or other fundamental characteristics.
- As transfers represent changes to capital asset records, all updates must be promptly reported to the County Executive's Office or the designated department. This reporting is accomplished by completing and submitting the Capital Asset Equipment Change Form to ensure accurate and up-to-date records.

6. Responsibilities

- Department Heads: Ensure compliance with this policy and provide accurate records of assets assigned to their departments.
- The County Executive's Office or other designated department: Oversee capitalization, depreciation schedules, and reporting of assets.
- Auditor's Office: Periodically review compliance with asset management procedures.

7. Policy Review

This policy will be reviewed annually by the County Executive's Office and updated as necessary.