

BENTON COUNTY
WASHINGTON

BUDGET POLICIES
AND PROCEDURES

Updated September 2019

Board of County Commissioners

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I. BIENNIAL BUDGET CREATION AND ADOPTION

Under RCW Chapter 36.40 (Budget), specific guidelines detail each step of the budget process. This state law will be used to provide the structure to the biennial budget process from the preliminary budget estimate stage through final budget adoption.

RCW 36.40.071 allows the Board of County Commissioners (BOCC) the flexibility, through resolution, to establish alternate dates for each step of the budget process. The BOCC opts to implement this alternate date provision using the following general format:

A. Preliminary Budget

The BOCC will pass a resolution that details the alternate dates to be used for each step of the budget process. However, the BOCC reserves the right to amend the resolution establishing alternate dates.

The BOCC Chair may deliver a letter to the County Auditor that details the method of budgeting (Baseline, O-Base, etc.), and any other specific issues that relate to the upcoming budget process. The letter should go to the Auditor at least two weeks prior to the date the BOCC would like the “budget call” letter sent to the other elected officials and department managers. The “budget call” letter will outline any budget instruction changes from the previous biennial budget.

Each elected official and department manager will be responsible for the timely preparation of their own budget request(s) and those budgets that they may be accountable for.

Each elected official and department manager are requested to provide updated information for the Government Finance Officers Association (GFOA) Distinguished Award document, which shall include but not be limited to the offices’/department’s prior year(s) notable results, key issues, future goals, objectives, and statistical information (prior year actuals and estimated projections). The information will be included with each offices’/department’s completed budget request(s) and should be returned to both the County Auditor’s and Commissioners’ Office of Budget and Finance where the information will be compiled

into the preliminary budget and reviewed for input into the GFOA Distinguished Award document.

The County Auditor will then deliver the preliminary budget to the BOCC on or before the date specified by resolution.

B. Budget Hearings and Final Budget Adoption

The BOCC may allocate times for each elected official and department manager to address their budget requests. Those requests may include additional staff, new programs, capital, or information technology e.g. computer hardware or software.

Upon completion of these meetings, the BOCC will be charged with making any adjustments to the initial preliminary budget as presented. After deliberation and preliminary approval by the BOCC, the Office of Budget and Finance shall submit a final detailed and comparative preliminary budget which will be placed for open inspection by the public on the Benton County Internet/Intranet website and made available in hard copy if requested.

A notice of public hearing shall be published once each week for two consecutive weeks in the official newspaper of the county. The public will be allowed to express opinions for or against the preliminary budget at the public hearing.

Upon completion of the public hearing, the BOCC must then adopt the final budget by resolution, and a copy shall be forwarded to the State Auditor.

C. Tax Certification

The BOCC must certify taxes pursuant to RCW 84.52.070 by November 30th of each year.

II. MID-BIENNIAL BUDGET REVIEW AND ADOPTION

A. Preliminary Mid-Biennium Budget

Pursuant to RCW 36.40.250, there shall be a mid-biennium review of the budget. During this review, the BOCC may eliminate positions, establish new positions, and increase or decrease office/department budgets for the second year of the biennium. The below process for mid-biennium review should be followed:

Per the Budget Accounting and Reporting System (BARS) Manual Part 2, Chapter 1 (Budgeting Principles), the mid-biennium review shall be completed by December 31st.

The mid-biennium requests for supplements should be electronically submitted on an approved form (attachment 4) by October 15th to the Commissioners' Office of Budget and Finance. Requests will include all revenue and expenditure codes and a detailed explanation. This detailed explanation will include any communication between the office/department and the Commissioners' Office of Budget and Finance and the financial analysis listing the expenditure impact and/or potential revenue sources, if applicable.

B. Mid-Biennium Budget Hearings and Final Mid-Biennium Adoption

The BOCC shall allocate time for the Office of Budget and Finance to address the list of mid-biennium budget requests and present recommended revisions to the second year of the budget.

Upon completion of this meeting, the BOCC will preliminarily make any adjustments to the budget presented. Upon deliberation by the BOCC, the Office of Budget and Finance shall submit a preliminary mid-biennium budget which will be placed for open inspection by the public on the Benton County Internet/Intranet website and made available in hard copy if requested.

A notice of public hearing shall be published once each week for two consecutive weeks in the official newspaper of the county. The public

will be allowed to express opinions for or against the preliminary mid-biennium budget adjustments or requests at the public hearing.

Upon completion of the public hearing, the BOCC must then adopt the final mid-biennium budget by resolution and a copy of the final mid-biennium budget by resolution shall be forwarded to the State Auditor.

C. Tax Certification

The BOCC must certify taxes pursuant to RCW 84.52.070 by November 30th of each year.

III. BUDGET ADMINISTRATION AND MAINTENANCE

A. Supplements to Approved Budget Outside Mid-Biennium Review - Qualifying Event

With the implementation of a biennial budget and a mid-biennium review, supplements outside the mid-biennium review will only be done under extenuating circumstances, including but not limited to those listed below. The Commissioners' Office of Budget and Finance will work with each affected office/department on the best fiscal method if any, is required.

- An unforeseen situation occurs which puts the safety and welfare of the citizens of Benton County at risk.
- A non-insured legal settlement or other judgment that exceeds those amounts currently available within the department/offices current budget.
- An unforeseen revenue source that has associated expenditures e.g. a grant.
- Operating transfers regarding carry forwards (see Section III. B. under Current Expense (General Fund) 0000-101.)

It is the intention of the BOCC to limit the number of public hearings, maintain a fiscally stable budget and minimize impacts to services to County citizens.

B. Supplemental Appropriation - Processing Procedure

The Office of Budget and Finance will review and present budget supplemental requests outside the mid-biennium review.

The below process for all supplemental appropriation requests should be followed:

The supplemental appropriation requests should be electronically submitted on an approved form (attachment 3) by a date established through the Commissioners' Office of Budget and Finance via the current agenda submittal process. Supplemental appropriation requests shall include all revenue and expenditure codes and a detailed explanation. This detailed explanation shall include any communication between the office/department and the Commissioners' Office of Budget and Finance and the financial analysis listing the expenditure impact and or potential revenue sources, if applicable.

The BOCC shall allocate time for the Office of Budget and Finance to address and present the list of budget supplemental requests.

Upon completion of this meeting, the BOCC will be charged with making any adjustments to the supplemental requests presented. Upon deliberation by the BOCC, the Office of Budget and Finance shall submit a draft list of budget supplemental requests which will be placed for open inspection by the public on the Benton County Internet/Intranet website.

A notice of public hearing shall be published once each week for two consecutive weeks in the official newspaper of the county. The public will be allowed to express opinions for or against the draft list of budget supplemental requests at the public hearing.

Upon completion of the public hearing, the BOCC must then adopt the final list of budget supplemental requests by resolution.

C. Budget Maintenance

On a biennial basis, the BOCC will adopt the Final Benton County Budgets by resolution. The detail of the resolution is provided to the

BOCC by the Commissioners' Office of Budget and Finance. The resolution provides information such as the level the budgets are adopted at and line-item transfers needing BOCC approval. Offices/departments can review the resolution to obtain information on budget maintenance requirements.

New Funds: New funds can be created during the biennial budget adoption process. New funds can be created during the mid-biennium budget review only if required by local, State, or federal law.

Positions: Only one (1) FTE can be charged to a line item except for temporary, part-time, relief, judge pro-tem or Superior Court judge positions. (i.e. two (2) FTEs cannot be paid from the same line item for the same day of work).

Grade and Title: The grade and title of all non-bargaining positions are to be created by the Human Resources Department, approved by the BOCC and shall follow the non-bargaining policy. All union positions are to be created by the Human Resources Department, following the guidelines in the appropriate collective bargaining agreement.

Coding Corrections: Coding Corrections between two funds need BOCC approval if the coding correction occurs 60 days past the initial coding. For example, a coding correction between Current Expense and Park Development for an error which occurred 90 days/3 months prior, would require BOCC approval, then sent to the Auditor's Office for processing. However, a coding correction within the same fund will need to be sent to the Auditor's Office for processing. For example, a coding correction within Current Expense.

BARS Changes: Any BARS changes required, revenue or expenditure, shall be the Auditor's Office responsibility to create and provide to the Commissioners' Office of Budget and Finance. When possible the old revenue or expenditure line item/code will be inactivated if no longer used to limit any confusion or miscoding.

The creation of new revenue codes, or the use of unused revenue codes should be implemented during the biennial budget creation and adoption. After adoption of the biennial budget, any new, unused, or unbudgeted revenue codes must be approved by the Commissioners'

Office of Budget and Finance, Auditor's and Treasurer's Offices, prior to being activated. Unused or unbudgeted revenue codes will be locked or not activated until there is a need. In which case, requires approval from the Commissioners' Office of Budget and Finance, Auditor's and Treasurer's Offices, prior to reactivation of the code.

Line Item Transfers:

- A) Line item transfers from wages (1000's) and benefits (2000's) shall not be appropriated to other categories. For example, wages and benefits may be moved within the 1000's and 2000's. Wages and benefits shall not be line item transferred to any supplies (3000's) services (4000's) capital (6000's) or assessments (9000's).
- B) Line item transfers with a Board approved resolution will be required in most scenarios. Listed below are examples of some of the most widely used line item transfers (example in Attachment 5):
1. The transfer creates a new non-existing full-time or part-time position.
 2. The transfer is for an existing position and appropriates additional funds to a position.
 3. Any transfer that increases temporary help.
 4. The transfer increases or decreases the amount of the building or vehicle capital purchase line item, a 6000, currently budgeted or creates a new capital purchase line item such as a 6000 capital, plus refer to the Resolution adopting the final Benton County Budgets for additional information.
 5. The transfer increases or decreases the amount of the computer capital purchase line items such as 9305, 9401, or 9402 currently budgeted.
 6. Transfers between supplies, a 3000, and other services and charges, a 4000, do not need Board approval, unless the transfer corresponds with Section II A or is listed above, plus refer to the

Resolution adopting the final Benton County Budgets for additional information.

IV. OTHER BUDGET POLICIES

A. Road Fund Levies

Per RCW 36.82.040, all funds accruing from the “general tax levy for road funds” shall be deposited into the County Road Fund, except that revenue diverted under RCW 36.33.220 shall be placed in a separate and identifiable account within the County Current Expense Fund.

Currently, the BOCC diverts road funds to the Sheriff’s Department for traffic enforcement on county roadways. These funds are deposited into the County Current Expense Fund and are accounted for in the Sheriff’s Traffic Control Department 125, a separate department.

The Road Department, at the end of each year, will submit a letter to the Commissioners’ Office of Budget and Finance summarizing the annual actual expenditures from the Sheriff’s Traffic Control Department 125 and revenues collected for the diverted road funds in the Currently Expense Fund. Over collection of revenues in the County Current Expense fund will be returned to the Road Department.

B. Minimum Fund Balances

It is essential to maintain adequate levels of budgetary fund balance to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures), therefore the BOCC may require the following county funds to maintain a minimum budgetary fund balance at the close of or during any given fiscal year:

Current Expense Fund (General Fund) 0000-101

To meet operational needs, the County shall maintain fund balance of 10% of the current year’s (in the case of a biennium budget only one year) General Fund appropriated expenditures. In addition to the 10%, the County may maintain up to an additional 3% for emergency use as determined by the BOCC. The BOCC considers a balance of less than 10% to be a cause for concern. In the event the minimum unassigned

fund balances drops below this threshold, the BOCC will pursue variations of increasing revenues and decreasing expenses, or a combination of both in subsequent years to restore the balance. If the restoration of the minimum unassigned fund balances cannot be accomplished within 2 years of the end of a biennium cycle, without causing severe hardship to Benton County, then the BOCC shall establish an extended timeline for attaining the minimum fund balances.

To maintain our minimum fund balance of at least 13% of annual appropriated expenditures, an operating transfer will be prepared by the Commissioners' Office of Budget and Finance for the Current Expense Fund (General Fund) 0000-101 at the end of each year.

Year End Adjustment: The funds in the operating transfer may be transferred to the following:

Park Development Fund 0110-102 beginning year balance may be brought up to \$500,000;

The remaining excess transferable amount may be split between

- 85% to the Capital Projects Fund 0305-101;
- 15% to the Fairgrounds Operating and Maintenance Fund 0124-101.

However, the Fairgrounds Operating and Maintenance Fund 0124-101 beginning year balance may be capped at \$600,000. If so, any remaining excess transferable amount may be split, at the discretion of the BOCC, between the Capital Projects Fund 0305-101 and/or the Sustainable Development Fund 0135-101.

Capital Projects Fund (0305-101)

At all times a fund balance of at least \$5,000,000 should be maintained as assigned in the event a major capital improvement should be required which has not been appropriated for during the current budget cycle.

- Payment In Lieu of Taxes (PILT) Department of Energy funds will be general receipted and dedicated for the purpose for which this fund (0305-101) was created per Resolution 02-668.
- Low-Level Waste Surcharge funds will be general receipted and dedicated for the purpose for which this fund (0305-101) was created per Resolution 02-668.

Central Services Fund (0502-101)

To meet operations needs a minimum fund balance of at least \$350,000 should be maintained. See Computer Policy for the following:

- Goals of internal servicing pricing;
- Allocation strategy development;
- Level of costing details; and
- Allocation basis decisions

Election Reserve Fund (0111-101)

To meet operations needs a minimum fund balance of at least \$500,000 should be maintained. If the fund balance should drop below \$500,000 at any given time during the year, an operating transfer to the fund, based on the Treasurer's Monthly Financial Report of cash position, may be approved or authorized by the BOCC.

C. Obligated Funds

The list below is not a complete list of all of Benton County's obligated funds, but rather is a short list of specific obligated funds about which the BOCC would like to clarify additional information.

¼% Real Estate Excise Tax Fund (0130-101)

Until 2031, each year up to \$250,000 may be allocated to repay outstanding bond obligations related to the construction of the Health Building. In addition, any reserves may be used to fund other capital projects that are listed in the Comprehensive Plan and Capital

Improvement Plan (CIP) and approved by the BOCC per Resolution 93-365.

1/10% CJ Jail Juvenile Fund (0133-101)

Revenues in this fund may be used to fund the operation and maintenance of Juvenile Detention Facilities and Jails per Resolution 95-459.

Rural County Capital Fund (0144-101)

These funds will be disbursed according to County policy to local government capital projects in the community.

Sheriff's Equipment Purchase and Replacement Fund (0142-101)

Per Resolution 2018-648, a listing for equipment and vehicles within the patrol and custody division within the Sheriff's Office will be administered jointly by the Commissioners' Office and Sheriff's Offices on a yearly basis as well as the County's budgeting cycle.

Debt Service Funds

At the discretion of the BOCC, any funds received from unanticipated revenue sources or opportunities may be used to accelerate outstanding bond obligations. These funds shall be one-time, and/or windfall revenue expectations that are not anticipated as steady revenue source.

D. Capital

1. Capitalization of General Fixed Assets

Benton County has established a policy regarding the capitalization of general fixed assets. (See Policy Attachment-1)

2. Computer Capital Replacement

Benton County currently has a policy for the purchase and replacement of computer capital. (See Policy Attachment-2)

E. Fund Balance Policy

Fund balance policy will comply with GASB #54

ATTACHMENTS

- Attachment - 1 Capitalization Policy
- Attachment – 2 Technology Replacement Policy
- Attachment - 3 Supplement Transmittal Form
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ATTACHMENT 1

BENTON COUNTY
CAPITAL POLICIES AND PROCEDURES

Prepared by the Benton County Commissioners' Office
Updated September 2011

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SECTION I. PURPOSE

To prescribe a policy for the definition, appropriation, and accounting of capital outlays in order to comply with disclosure set by GAAP (Generally Accepted Accounting Principles).

SECTION II. DEFINITIONS

2.1 Revenue Expenditures/Supplies

The charge to an expense account is based on the assumption that the benefits from the expenditures will be used up in the current period. A purchase may benefit several periods, but have a relatively low cost. Such items are theoretically capital expenditures, but since their costs are immaterial, they are classified as revenue expenditures.

2.2 Capital Expenditures/Fixed Assets

Real and personal property intended to be held or used longer than one year. This includes land and land rights; improvements and infrastructure; buildings, their furnishings, fixtures, and furniture; equipment, machinery, vehicles, and tools.

2.3 Capital Versus Revenue Expenditures

Expenditures to improve the efficiency or extend the asset life should be capitalized and charged to future periods. Improvements in efficiency should be charged to the asset account, and improvements extending the asset life should be charged to the accumulated depreciation account. The rationale is that improvements extending the asset life will need to be depreciated over an extended period of time, requiring revision of the depreciation schedule.

2.4 Infrastructure

Infrastructure refers to roads, bridges, sidewalks, water lines, sewers, drainage systems, lighting systems, and similar assets that are immovable and of value only to the government unit.

2.5 Proprietary Funds

A proprietary fund is used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise.

2.6 High-Risk

A description given to items which are relatively valuable, small, easily transportable and adaptable and have a higher susceptibility to theft and other loss.

2.7 Depreciation

The method by which the cost of an asset is allocated over the useful life of the asset therefore the cost is matched with the productive output over the asset's life.

2.8 Tangible Property

Any physical or substantive property, literally, anything which can be touched, which has an intrinsic value because of its substance, origin, license, copyright, patent, and etc.

2.9 Improvements

Property or equipment which is an integral part of a larger item of property or equipment, the addition of which either increases the cost or the useful life of the larger item.

2.10 Original Cost/Historical Cost

The total original amount paid to a vendor or supplier for the item purchased.

2.11 Inventory

Tangible property or goods held for sale or consumption concurrent with the normal activity of a business or enterprise.

SECTION III. POLICY

3.1 Applicability

Capital outlay under this policy applies to the appropriation and expenditure of funds for capital assets, high-risk items, and improvements subject to the limits prescribed below. Capital leases will also be addressed in the following policies.

To qualify under capital outlay, the item must provide a predictable and tangible future benefit over a specified period of time.

For the purposes of this policy, capital outlay does not include inventory or infrastructure.

3.2 Budget

Capital outlay disbursements must be specifically appropriated in item and amount by the BOCC in the biennial budget process, or in a regular public hearing as an amendment to the biennial budget.

Substitutions of capital outlays for previously approved appropriations must be approved by the BOCC. Appropriations for capital outlay lapse at the end of each budget cycle, and must be specifically approved in the following year budget process.

3.3 Control

All disbursements for capital outlay shall be accounted for in accordance with the provisions of the most current State of Washington Budgeting, Accounting, and Reporting Systems (BARS) as prescribed by the State Auditor.

A serial number or parcel number will record all capital outlay expenditures in a separate fixed asset ledger.

The fixed asset ledger will be maintained by the Auditor's Accounting Department. Departments must notify the Auditor's Accounting Department each time a capital asset is acquired, transferred, sold, or otherwise modified.

At the beginning of each year, a physical inventory will be performed of all capital assets, improvements, and high-risk assets. The inventory will verify identifying characteristics, location, and condition.

The information contained in the fixed asset system will be compared to the physical inventory. Additions, deletions, and adjustments will be to the fixed assets control records as necessary. A summary of said additions, deletions, and adjustments will be provided to the BOCC.

3.4 Capital Leases

A lease agreement is classified as a capital lease when substantially all of the risks and benefits of ownership are assumed by the lessee. A capital lease is, for the most part, viewed as an installment purchase of property rather than the rental of property.

FASB-13 requires that a lease be capitalized if any one of the following four criteria is a characteristic of the lease transaction:

- a. Transfer of ownership to the lessee by the end of the lease term.
- b. A bargain purchase option is included in the lease. This is an option that allows the lessee, upon termination of the lease, to purchase the leased asset at a price significantly lower than the expected fair market value of the asset.
- c. The lease term is equal to 75% or more of the estimated economic life of the leased asset.
- d. The present value at the beginning of the lease term of minimum lease payments equals or exceeds 90% of the excess of the fair value of the leased property at the inception of the lease.

3.5 Depreciation

Except for lands and infrastructure, all capital assets with an original cost (per item) equal to or greater than \$5,000 must be depreciated. Scrap value can be ignored in establishing the amount to depreciate, unless it is expected to exceed 10% of the cost.

Depreciation must be based on a reasonable estimate (see Section IV. Asset Tables on pages 7 and 8) of expected useful life; that is number of years, miles, service hours, etc., that each department expects to use that asset in operations. The straight-line method of depreciation will be used for all assets based on useful life.

Depreciation expense should be recorded in the financial statements using depreciation accounting and reporting standards applicable to commercial enterprises.

3.6 Grants

Title to equipment and real property acquired under a grant is subject to the obligations and conditions set forth in the original contract. In most cases, proceeds from sale of the asset will be returned to the agency, which supplied the grant.

In order to simplify the grant process, a copy of each grant should be sent to the accounting department. Each asset purchased with grant money should be clearly marked in order to notify personnel upon disposal of each particular asset.

3.7 Dollar Limits

This policy applies to the following categories:

- a. Capital assets and improvements to capital assets with an original cost (per item) equal to or greater than \$5,000.
- b. Capital assets and improvements to capital assets with an original cost (per item) equal to or greater than \$5,000 will be tracked separately and depreciated to meet GASB 34 reporting requirements.
- c. Major component parts, of an existing fully depreciated asset, with an original cost (per item) equal to or greater than \$5,000. These component parts must extend the useful life of an asset, which will not function or has no value other than scrap. Example: a complete remodel of an existing structure would be capital; a repair of a leak in the roof would not.
- d. High risk items with an original cost (per item) greater than \$500 and less than \$5,000. (See Section IV for a list of assets that may fall into this category).

- e. The Benton County system of roads is public infrastructure assumed to have an infinite life and a maintenance program to assure its permanent usefulness. All improvements to the road system are to be capitalized, and all maintenance costs are to be expensed. Each road project will be evaluated if it is an improvement or maintenance. All improvements to the road system, including contributions from private parties (roads built by developers, local improvement district assets, etc.) are to be capitalized, regardless of dollar amount.

SECTION IV. ASSET TABLES

<u>ASSET</u>	<u>USEFUL LIFE</u>	<u>SALVAGE %</u>
Computers (do not tag keyboards or standard monitors). Printers, Scanners, and File Servers	4 years	5%
Automobiles, Light Trucks, Telephone, Equipment, Fax Machines, and Radio Equipment	5 years	5%
Heavy Duty Trucks, Light Road Equipment, Firearms, Cleaning and Maintenance Equipment	7 years	5%
Office Furniture, Heavy Road Equipment	10 years	5%
Buildings, Parking Lots, Major Improvements to Buildings	20 years	5%

High Risk Assets: These items are to be coded under the object line #3501 on the voucher and are expenses in the year of the purchase. They are to be tagged and reported to the County Auditor at the time of payment. No payment will be made on these items until an inventory number has been attached to the asset and reported to the County Auditor. These items must have a purchase price (including tax) of at least \$500 and no more than \$5,000. They are listed as follows:

Camera, Television, Video Camera, VCR, Cellular Phone, Portable Radio, Typewriter, Tape Recorder, Firearms, Stereo Equipment, Chain Saw, Power Tools, and any other asset which may fit the criteria for High Risk Assets in Section 2.6.

ATTACHMENT 2

BENTON COUNTY
TECHNOLOGY REPLACEMENT POLICIES AND PROCEDURES

Prepared by the Benton County Commissioners' Office
And the Information Technology Department
Updated April 2017

BENTON COUNTY
TECHNOLOGY REPLACEMENT POLICY AND PROCEDURES

Prepared by the Benton County Commissioners' Office
And the Information Technology Department
Updated April 2017

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SECTION 1. PURPOSE

RCW 36.92.080 When a board of county commissioners creates a central services department pursuant to RCW 36.92.030, the ministerial services to be performed by such department in connection with **automatic data processing shall not thereafter be performed by any other officer or employee of said county.** The ministerial services include purchasing.

Keeping up with the advances in computer technology is a never-ending struggle. No matter how much money an institution spends on computer equipment, that equipment is eventually out of date. Benton County is not immune to these struggles.

The purpose of the Technology Replacement Policy is to prescribe a course of action for the definition, appropriation, and accounting in the Central Services Replacement Fund (0132-101). The procedures addressed are in response to concerns over the methods used in charging computer replacement fees and the expenditures driving those fees. Today's voter is more critical of government spending and demands accurate disclosure of how funds are being spent. This policy will establish the detailed procedures necessary to comply with complex disclosure requirements.

The Central Services Replacement Fund hereinafter "replacement fund", will be evaluated at a minimum annually and revised as necessary by the Information Technology Manager. The evaluation will be accomplished through information collected through administration of the program, feedback from program participants, external vendor and industry sources, and Benton County priorities.

SECTION II. GLOSSARY

- a. Computer or Electronic devices: Devices that include but are not limited to Personal Computers, laptops, tablets, printers, scanners, network servers, network routers, network switches, firewalls, security appliances, desk phones, smart devices, cellular phones, video conferencing equipment, security cameras, DVR's, projectors, TV's used as monitors or displays, wireless and USB peripherals, network components, desktop peripherals, storage area network equipment. Can also include initial purchase of specialized software.
- b. Leave-to-Die: Equipment enrolled in the replacement fund that has been replaced but left in service.
- c. Replacement eligible: Enrolled equipment that has all the required payments made to the replacement fund.
- d. Replacement fee: Original purchase cost divided by the Useful Life of the equipment (usually a certain number of years) and adjusted by the biennium cycle.

- e. Replacement fund: Central Services Replacements fund number 0132-101
- f. Useful Life: Number of years of service that the equipment will be used to conduct county business.

SECTION III. POLICY

3.1 Applicability

This policy applies to the appropriation and expenditure of funds for all Benton County owned computer or electronic device replacement, including but not limited to Personal Computers, laptops, tablets, printers, scanners, network servers, network routers, network switches, firewalls, security appliances, desk phones, smart devices, cellular phones, video conferencing equipment, security cameras, DVR's, TV's used a monitors or displays, wireless and USB peripherals, desktop peripherals, storage area network appliances, switches, routers, specialized software, and other key network devices or components. This policy will set guidelines from which all parties will be charged a replacement fee. It will also set guidelines for the parties responsible for the disbursement of such funds so that they will be consistent.

Equipment charged a replacement assessment is limited to the following:

- a. New equipment or specialized software budgeted in a fund and/or department's object code 9305 and purchased by Information Technology
- b. Replacement equipment purchased by Information Technology using Object Code 3508 using replacement funds collected.
- c. Replacement equipment purchased by Information Technology with expense being directly coded to Central Services Replacement Fund (0132-101).
- d. Equipment for which a residual equity transfer has been completed under the guidelines set forth in Section 3.5 of this policy.
- e. Equipment purchased outside the budget appropriation or adjustment processes will be coded to the requesting department's 3508

expenditure code and enrolled in the replacement fund. New equipment purchases over \$500 require Board of Benton County Commissioners authorization by resolution.

- f. Equipment specifically directed by County Administrator's office.

3.2 Budget

The budget appropriation for replacement of technology equipment should be based upon an analysis by Information Technology identifying the equipment that will qualify for replacement during the biennial budget.

3.3 Revenue Billing and Interest Revenue

Information Technology will maintain the inventory and billing for the Replacement Fund. Each department with replacement equipment will be assessed a replacement fee which will be equal to the original purchase cost of the equipment divided by the Replacement Life of the equipment. In some cases the original purchase cost may be adjusted by the Information Technology Manager per Section 1 to assure that sufficient funds are available in the future to replace the equipment in question with one of comparable functionality or in alignment with current market prices.

Replacement Life:

- 1). Workstation/Laptop - 4 years
- 2). Printers –5 years
- 3). Tablets - 3 years
- 4). Scanners - 4 years
- 5). Storage Area Network (SAN) storage devices - 5 years
- 6). Network devices (router, switches and firewalls) - 10 years
- 7). TV's used as monitors or display devices – 5 years
- 8). High Use/High Availability Devices - TBD

Due to biennial budget timelines, some years may have two replacement assessments assigned to prevent equipment from aging out before being eligible for replacement.

The expense for the replacement assessment will be budgeted in each fund and/or department's object code 9501.

3.4 Inventory Control

Computer and electronic equipment is to remain in service in the department for which it was purchased until it is replaced, suffers an irreparable hardware failure, or no longer necessary for the department. Information Technology will make every reasonable effort to keep equipment in service while it is paying into the replacement fund. When equipment (including monitor) is replaced, the replaced equipment will be surrendered to Information Technology and placed into surplus.

Beginning 1/01/2015 Leave-to-Die equipment will be systematically removed from service except where the equipment is required to support a static need. (i.e. HVAC, fuel stations, and other vendor supported hardware). At the discretion of the Elected Official or Department Head, Leave-to-Die equipment, such as a workstation from the department's inventory, may either remain or be utilized in a break room or lunch room for de minimis internet usage. In these situations, the Leave-to-Die equipment will still be assessed required user license fees. To limit potential network exposure the Leave-to-Die equipment will not be joined to the domain and only receive limited support from the Information Technology department.

Information Technology highly recommends that equipment fully funded in replacement, but not replaced, not be used in any mission critical environment. Only Elected Officials or the County Administrator can approve not replacing mission-critical equipment. If the Elected Official or County Administrator makes the choice to not replace mission-critical equipment at the time of eligibility for replacement, the equipment may be assessed an additional operating fee.

When equipment is removed from service, it may be used by Information Technology as a utility device, as a temporary substitute for comparable equipment that is being repaired, as a temporary loaner, or as a source for replacement parts.

When the equipment no longer has useful value for any county office or department, it is to be reported to the Benton County Auditor to be included as property declared surplus.

3.5 Residual Equity Transfer

The movement or transfer of hardware or software, equipment, or electronic devices not originally purchased by Information Technology, for the purposes of

establishing a new fund, increase working capital or subsidizing operations must be done by the Benton County Board of Commissioners and reviewed by the County Auditor's Office.

3.6 Replacement

Only equipment that has been part of the replacement fund is eligible for replacement using funds in 0132101. Any replacement funds in excess of what is required to replace the equipment will be applied as a reduction to the future replacement assessment paid by the office or department.

Equipment eligible for replacement will NOT be automatically replaced. Equipment should be replaced when the hardware becomes a prohibiting factor. Due to economic considerations, equipment replacement will be subject to need and functionality. At the end of each year, a detailed list of equipment eligible for replacement will be sent out to each office and department for review, planning and comments.

Replacement funds can only be used to purchase qualifying replacement fund equipment, like kind. The funds may not be used to purchase accessories, office supplies, disposable equipment (cameras, keyboards, mice, bags, stylus, laser pointers, etc. unless part of an equipment bundle).

3.7 Replacement Upgrade

A replacement upgrade may be done under one of the following conditions:

- a. The equipment has paid into the replacement fund for the period specified, however equipment required to meet the same functionality is more expensive.
- b. The equipment has not paid into the replacement fund for the prescribed period, but must be replaced because of failed hardware or with newer equipment to meet requirements of a new or upgraded application.

The replacement upgrade is the difference between the funds that have been paid into the replacement fund for the equipment and the amount required for the more

expensive or new equipment. Any replacement funds short of what is required to replace the equipment will be applied as an increase to the future replacement assessment paid by the office or department.

The Information Technology Manager, in some circumstances, may seek the approval from Benton County Board of Commissioners by resolution before a replacement upgrade is performed.

3.8 Capital versus Maintenance

Computer software license fees, annual maintenance fees, and training, will not be paid by the replacement fund. These costs are to be included in the IT Administration Assessment (9101).

The only exception to the above mentioned restriction is when computer equipment is purchased with relevant software already included, for example, operating system, database server, specialized software or hardware management utilities.

ATTACHMENT 3

SUPPLEMENT TRANSMITTAL FORM

Commissioners' Date Stamp:

REQUEST FOR SUPPLEMENTAL BUDGET ADJUSTMENT

Fund Name:	Fund Number:
Dept Name:	Dept Number:

Request Summary

Expenditure		Additional	Revised
BARS Number	Item Name	Amount	Budget
Total Adjustment		\$ -	

Revenue		
BARS Number	Item Name	Amount
		-
Total Revenue		\$ -

Basis for Budget Adjustment (Attach Documentation as Appropriate):

|

Commissioners

Approved for Hearing

Denied

CHAIRMAN

Review Notes: _____

COMMISSIONER

COMMISSIONER

ATTACHMENT 4

MID-BIENNIUM REVIEW FORM