

RESOLUTION NO. 226 - 2016

A RESOLUTION OF THE URBAN COUNTY COUNCIL AMENDING THE COUNCIL CAPITAL EXPENDITURE POLICY PASSED BY THE URBAN COUNTY COUNCIL IN RESOLUTION NO. 177-2006, AND LATER AMENDED IN RESOLUTION NO. 368-2006 AND RESOLUTION NO. 786-2015, TO GOVERN THE EXPENDITURE OF CAPITAL FUNDS; REMOVING THE \$5,000.00 REQUIREMENT RELATING TO CAPITAL PROJECTS.

BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That the Urban County Council hereby amends its Council Capital Expenditure Policy passed by the Urban County Council in Resolution No. 177-2006, and later amended in Resolution No. 368-2006 and Resolution No. 786-2015, which are attached hereto and incorporated herein by reference, to govern the expenditure of capital funds.

Section 2 – That the amended Council Capital Expenditure Policy, which is attached hereto and incorporated by reference, be and hereby is amended to remove the \$5,000.00 requirement relating to capital projects.

Section 3 – That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: Apr 11 21, 2016

MAYOR



ATTEST:



CLERK OF URBAN COUNTY COUNCIL

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COUNCIL CAPITAL EXPENDITURE POLICY

In fiscal years in which funds are available and funds have been appropriated to the Council Office budget for Councilmembers to support council capital projects, the following policy shall be used to govern the expenditure of said funds.

I. Appropriation of Funds:

In fiscal years in which funds are available, the Council may appropriate funds to the council office budget for capital projects. Each councilmember shall be allotted 1/15 of the total funds appropriated.

No Councilmember running for election may make a Capital Expenditure within thirty (30) days prior to any election; however, this provision shall not apply to Councilmembers who are unopposed.

Once approved, all capital projects must be encumbered by the end of the following fiscal year.

II. Definition of Appropriate Expenditures:

The following definition of capital assets is provided by the Government Accounting Standards Board. Capital Assets is defined as follows:

Capital assets are tangible and intangible assets acquired for use in operations that will benefit more than a single period. Typical examples are land, improvements to land, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and various intangible assets.¹

In order to qualify as a capital expenditure, funds used to support Urban County Government projects must be one-time expenditures (not recurring or ongoing expenses), ~~capital in nature (have a useful life greater than one (1) year), and have a cost of \$5,000 or more; or one-time expenditures over \$100,000 that support capital projects for Urban County Government departments or divisions.~~

¹ Government Finance Officers Association, Government Accounting, Auditing and Financial Reporting (2005), p. 251. Governmental Accounting Standards Board. Comprehensive Implementation Guide (2004), 7, 423.

III. Matching Funds:

It is within the discretion of the councilmember making the capital expenditure allocation to determine whether to require the entity receiving the allocation to provide matching dollars to support its capital project.

A councilmember soliciting capital expenditures from other councilmembers shall indicate whether a match will be required.

Capital Fund Allocations specifying matching dollars may be made at a ratio stipulated by the council member initiating the request.

IV. Types of Capital Expenditures:

Councilmembers may use their capital expenditure funds for the following types of projects:

1. Improvements to common areas - "common area" is defined as an area which is used by the general public which is not privately owned. i.e. public right-of-way.

2. Improvements to private property for the benefit of public good- improvements to private property are generally not appropriate; however, under limited circumstances, public funds may be used to improve private property for a public purpose. i.e. correction of engineering or environmental issues.

If a councilmember is considering a capital expenditure project that will be used for private property, the councilmember should contact the Department of Law to determine whether or not the expenditure is appropriate as soon as possible after receiving the request.

3. Improvement of state and federal property - funds may be used to improve state or federal property within Fayette County so long as the State and Federal Governments are in agreement with the improvements and the improvements are in furtherance of the public good of the citizens in Fayette County.

4. Improvements to property in which the Urban County Government has a property interest, i.e. fee simple, leasehold, easement - if the Urban County Government has a leasehold interest or an easement, improvements to the property may be subject to the approval of the owner of the property.

V. Internal Governmental Capital Expenditures:

Internal Governmental Capital Expenditures are expenditures in which funds from the Council Capital Expenditure account are allocated to a department or division of the Lexington-Fayette Urban County Government.

The process for appropriating funds to another department or division of the Lexington-Fayette Urban County Government is as follows:

1. Councilmember may receive a request from a department or division of the Government for a capital expenditure appropriation or a councilmember may, on his or her own, initiate a capital expenditure allocation to a particular department or division.
2. At least eight (8) days prior to the Work Session in which the proposed capital expenditure allocations are presented, the following information shall be provided to the Capital Expenditure Coordinator:
 - a. description of the project
 - b. department or division receiving the allocation
 - c. amount of funds to be allocated
 - d. project commencement date
 - e. project completion date
3. The Council Administrator or his designee will be responsible for preparing a Budget Amendment to transfer funds from the Council to the Division or Department.
4. The Division Director and/or Commissioner of the department and/or division receiving the capital expenditure appropriation shall be responsible for ensuring that the project is completed.

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