

BEFORE THE WABASH COUNTY BOARD OF COMMISSIONERS

ORDINANCE NO. 2022-85-05

**AN ORDINANCE AMENDING ORDINANCE NO. 2021-85-19
WHICH ESTABLISHED A FIXED ASSET CAPITALIZATION POLICY**

By Ordinance No. 2021-85-19, the Wabash County Board of Commissioners established a fixed asset capitalization policy for the County and its various departments.

The County Auditor has requested that Ordinance No. 2021-85-19 be amended to more correctly reflect the accounting procedures being followed in her office.

IT IS THEREFORE ORDAINED THAT ORDINANCE NO. 2021-85-19 IS AMENDED AS FOLLOWS:

SECTION 1. CAPITALIZATION OF LAND

Wabash County shall capitalize purchases or donations of land as follows:

1.1. The County Auditor shall capitalize all land purchases with original or estimated historical costs (as defined in Section 3.6.) of \$5,000 or greater.

1.2. Original cost of land shall include the full value given to the seller, including relocations, legal services incidental to the purchase (including title work and opinion), appraisal and negotiation fees, surveying and costs for preparing the land for its intended use (contractor's costs, demolition of buildings, excavation, clean up and inspection).

1.3. The County Auditor shall record donated land at the market value at the time of donation excluding surveying costs and associated legal fees.

1.4. Land purchases made using Federal or State funding shall follow the funding source guidelines and this capital asset policy.

1.5. This policy does not apply to land purchased outright as easements or rights-of-way to infrastructures.

SECTION 2. CAPITALIZATION OF BUILDINGS

Wabash County shall capitalize purchases or donations of buildings as follows:

2.1. The County Auditor shall capitalize all buildings with original or estimated historical cost of \$5,000 or greater.

2.2. Security systems, alarm systems, and standby emergency power generators and improvements to buildings shall be included in the building value if the asset is installed at the time of building construction.

2.3. Capital building costs shall include architectural fees, engineering fees, legal service fees, construction management costs, and interest costs during construction bond issuance fees and any other fees directly attributable to building construction.

2.4. For improvements or renovations to buildings the cost shall only be capitalized if the total cost is \$5,000 or greater.

2.5. Replacement of a building roof, heating or cooling system and other building features shall be capitalized if the total cost is \$5,000 or greater.

2.6. The County Auditor shall capitalize donated buildings using market value at the time of donation.

2.7. Building purchases made using Federal or State funding shall follow the funding source guidelines and this capital asset policy.

2.7. Normal department operating activities regarding buildings such as feasibility studies, preliminary engineering, and design shall be expensed rather than capitalized.

SECTION 3. IMPROVEMENTS OTHER THAN BUILDINGS

Wabash County shall capitalize improvements other than purchases or donations of buildings as follows:

3.1. Wabash County shall capitalize improvements other than buildings if the total cost of the improvement is \$5,000 or greater and the improvement is installed at a time other than when the building it is associated with is constructed.

3.2. Milling and paving of an existing parking lot shall be considered as maintenance rather than adding to the value of an improvement.

3.3. Department heads shall be responsible for providing cost information to the Auditor's office regarding improvements other than buildings that are \$5,000 or greater.

3.4. The Auditor shall capitalize those improvements other than buildings and shall also capitalize any donated improvements other than buildings using market value of the feature at the time of donation.

3.5. "Historical Cost." The original cost of an improvement or its estimated value using current replacement cost of the asset, an estimated date of purchase and the Indiana State Board of Accounts factoring table to arrive at an estimated historical cost. Future asset purchase shall be recorded at original cost and entered with the date of purchase.

SECTION 4. CONSTRUCTION IN PROGRESS

Wabash County shall capitalize County owned construction in progress as follows:

4.1. Any building construction or renovation that is in progress during a fiscal year shall be recorded with the portion of related expenditures up to date of reporting.

SECTION 5. MACHINERY AND EQUIPMENT

Wabash County shall capitalize county owned machinery and equipment as follows:

5.1. Machinery and equipment and furnishings such as communications equipment, vehicles, and non-licensed highway equipment.

5.2. Machinery and equipment to be capitalized shall be those assets with individual known or estimated costs of \$5,000 or greater.

5.3. Attachments to machinery or equipment shall be capitalized with that machinery and/or equipment if the attachment is purchased at the same time as the machinery or equipment asset.

5.4. Attachments that are purchased separately from a given equipment asset shall be capitalized separately from an asset if they are purchased at a time other than when the equipment asset was purchased and have cost of \$5,000 or greater.

5.5. The Auditor shall be responsible for recording all capital machinery and equipment. The Auditor shall also record donated machinery and equipment at market value at the time of the donation.

SECTION 6. INFRASTRUCTURE ASSETS/INFRASTRUCTURE VALUATION, RECORD KEEPING AND RECONCILIATION

Wabash County shall capitalize county owned infrastructure as follows:

6.1. Infrastructure to be capitalized shall include all County owned roads and bridges with original or estimated historical costs of \$5,000 or greater.

6.2. Right-of-ways of present county roads shall not be included in the capitalized assets. Any new right-of-ways acquired by the county shall be included

if the cost or market value of such right-of-ways is \$5,000 or greater. Only the original known or estimated cost of a paved road shall be capitalized.

6.3. Milling and paving or chip sealing shall be considered as maintenance. Roadways that are accepted into the County system from developers shall be recorded at market value at the time of donation.

6.4. The County Highway Department, in conjunction with the Wabash County Auditor, shall be responsible for maintaining accurate records regarding all Wabash County infrastructures.

6.5. If roads or bridges are permanently closed or new roads are accepted into the county road system by the Wabash County Commissioners, such changes shall be recorded in the year that such changes occur.

6.6. If a gravel road is paved or if a road is totally redone beyond milling and paving or chip sealing, such improvements shall be considered a capital asset if the cost is \$5,000 or greater.

6.7. Normal department operating activities regarding infrastructures such as feasibility studies, preliminary engineering, and design shall be expensed rather than capitalized.

SECTION 7. DEPRECIATION

7.1. Useful life is defined for each asset class as follows:

Land	Not depreciated
Buildings	50 years
Improvements other than buildings	15 years
Construction in progress	Not depreciated
Machinery and equipment	10 years, except:
Distributor trucks and motor graders	25 years
Wheel loaders, dirt loaders, asphalt compactor rollers, snowplows, sanders, and chain saws	20 years
Sanitation trucks	15 years
Dump trucks, pickups and excavators	10 years
Boom mowers and tractors	8 years
Patrol cars	5 years
Infrastructure assets	
Roads	50 years
Bridges	75 years

7.2. Assets purchase before June 30 any calendar year shall be depreciated for the whole year, and assets purchased after June 30 of any calendar year shall be depreciated for on-half (1/2) of the year.

SECTION 8. RECORDKEEPING AND ACCOUNTING

8.1 The department head is the steward of all capital assets used by their department. As steward the department head shall be the focal point for questions for availability, condition, and usage of the asset.

8.2. The department head shall:

8.2.1. record the receipt of the asset,

8.2.2. examine the asset to make sure no damage was incurred during shipment,

8.2.3. make sure the asset was received in working order,

8.2.4. be responsible for arranging the necessary preventative maintenance and any needed repairs to keep the asset in working condition,

8.2.5. ensure that the asset is used for the purpose for which it was acquired, and that there is no personal or unauthorized use,

8.2.6. be responsible for reporting and loss, theft, or damage to an asset,

8.2.7. maintain inventories of all assets, including a) those that are capitalized and reported on the county's capital asset inventory and b) controllable assets with an acquisition cost of \$4,999 or less and which are tracked and inventoried,

8.2.8. report newly acquired assets, retired assets, transferred assets, and assets in use that previously were not included in the county's asset inventory to the Wabash County Auditor's Office,

8.2.9. use forms prescribed by the Auditor's Office and meet with the Auditor's Office, or its designee, if necessary, for the proper preparation of the capital asset reports.

8.3. Department heads must abide by all Auditor Office deadlines for the reporting; typically, asset reporting is to be completed by the first Friday of the first full week in January each year.

8.4. Assets below the capitalization threshold but considered sensitive may include, but are not limited to, weapons, radios, computers, chain saws, small motor equipment and power tools. These minor but sensitive items shall be inventoried and controlled at the department level by the head of the operating department. Stated inventory shall be conducted annually. The County Auditor's office is to receive a copy of the inventory and/or updated inventories for minor but sensitive items.

8.5. Department heads are responsible for ensuring that acquisitions of capital assets follow all policies, statutes, and regulations, including proper advertising, use of proper budgetary codes and accounting forms, and all required appropriation approvals.

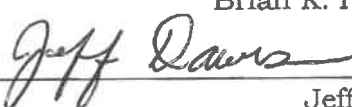
8.6. The Wabash County Commissioners and the Auditor's Office may conduct spot checks of asset inventories and the condition of assets on a random, unannounced basis.

Adopted this 2 day of May, 2022.


BOARD OF COUNTY COMMISSIONERS OF WABASH COUNTY, INDIANA



Barry E. Eppley, Chairman

Brian K. Haupert


Jeff Dawes

ATTEST: 

Marcie Shepherd, Auditor