

**BEFORE THE WABASH COUNTY BOARD OF COMMISSIONERS**

**ORDNANCE NO. 2021-85-19**

**AN ORDINANCE ESTABLISHING A FIXED ASSET CAPITALIZATION POLICY**

The Wabash County Board of Commissioners desires to establish a fixed asset capitalization policy for the County and its various departments.

**IT IS THEREFORE ORDAINED 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 right-of-ways 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 land (parking lot, sidewalk, lot lighting) 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. Assets to be included in this category are attachments to land that are not easily removed, such as parking lots, and sidewalks on county owned property if they are not city or town owned sidewalks.

3.2. 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.

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

3.4. 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.

3.5. 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.

3.6. "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 RECONCILLIATION**

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 Engineer, 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. RECORDKEEPING AND ACCOUNTING**

All department heads shall coordinate with the Auditor to make certain the following requirements are met:

7.1. If an asset is transferred between departments, the head of the department from which the asset is transferred shall promptly submit a completed transfer form to the Auditor.

7.2. At least every two years, recorded capital assets with costs of \$5,000 or greater shall be compared to a physical inventory of those assets and appropriate action shall be taken to reconcile any differences. The physical inventory shall

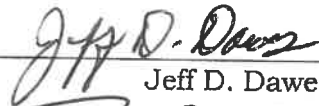
include the following: (a) asset description, (b) funding source, (c) original cost, and (d) year of acquisition.


7.3. If an asset is disposed of, a department head shall fill out a disposal form. The Auditor shall record the disposal on a disposal sheet and remove the asset listing from the current inventory listing. The salvage value of the disposed asset shall be recorded.


7.4. Department heads shall immediately notify the Auditor upon discovering that assets have been lost or stolen.

Adopted this 25 day of October, 2021.

**BOARD OF COUNTY COMMISSIONERS OF WABASH COUNTY, INDIANA**

  
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Jeff D. Dawes, Chairman

  
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Barry J. Eppley

  
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Brian K. Haupert

ATTEST: Marcie Shepherd  
Marcie Shepherd, Auditor

