

**ORDINANCE NO. 2024-013**

**AN ORDINANCE CREATING A FIXED ASSET CAPITALIZATION  
AND INVENTORY POLICY**

WHEREAS, the Delaware County Commissioners wish to increase accuracy and clarity of financial reporting and to better serve the citizens of the county and the county's constituents.

NOW THEREFORE, be it and it is hereby ordained that:

**PURPOSE AND DEFINITION OF A CAPITAL ASSET POLICY**

**Purpose of a capital asset policy**

The purpose of establishing a capital asset policy is:

1. To safeguard the investments of the taxpayers of Delaware County;
2. To comply with the standards of the Government Accounting Standards Board Statement 34;
3. To fix responsibility for the custody of the assets;
4. To maintain accurate records of all fixed assets that are capitalized, including infrastructure;
5. To provide data for financial reporting for increased accuracy and clarity;
6. To demonstrate appropriate stewardship responsibility for public assets.

**Definition of capital assets**

Capital assets are defined as assets having a useful life of more than one year and an acquisition cost of \$10,000 or more. Capital assets include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, construction work in progress, works of art, historical treasures, and infrastructure, the latter of which are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly great number of years than most capital assets.

All items with a useful life of more than one year and a cost of \$10,000 or more shall be capitalized, including acquisitions by lease-purchase agreements and donated items. All land will be capitalized but not depreciated. Construction work in progress will be included in the capital asset inventory and will be depreciated once the project is complete and transferred to the appropriate county department. Items costing less than \$10,000 that are permanently installed as a part of the cost of the original construction or installation of a larger building or equipment unit, or that prolong a fixed asset's economic life or expand its usefulness, will be included in the cost of the larger unit.

All capital assets meeting the criteria will be included in the county's fixed asset inventory and reported in the county's financial statements. Assets that are not capitalized are expensed in the year of acquisition. Departments must maintain an inventory of capital assets under their supervision.

## **CAPITALIZATION THRESHOLD AND INVENTORY**

### **Capitalization Threshold**

To be considered a fixed asset for financial reporting purposes, an item must be at or above the capitalization threshold and have a cost greater than \$10,000. The cost of the asset will include all expenses necessary to make the asset fully operational. Assets acquired through lease purchase agreements that meet these specifications are to be capitalized. This cost will be determined as the present value or discounted value of the future stream of lease payments, and not the total lease.

Capital assets are recorded at actual cost. Normally the cost recorded is the purchase price or construction cost of the asset but may also include any other reasonable and necessary costs incurred to place the asset in its intended location and intended use, including:

1. Legal and title fees and closing costs;
2. Appraisal and negotiation fees, surveying costs;
3. Land preparation costs, demolition costs;
4. Architect, engineering and accounting fees;
5. Transpolution charges.

Donated or contributed assets should be recorded at the fair market value on the date donated. If no cost is available for a fixed asset, a replacement cost or a historic cost index may be used. Items that do not meet the definition of capital assets are to be expensed in the year the asset is acquired.

### **Capital Assets Valuation**

Capital assets are defined by the following categories:

1. Land - Land is defined as specified land, lots, parcels, or acreage including rights of way owed by Delaware County.
2. Buildings and Improvements -All structures designed and erected to house equipment, services, or functions are included. This includes systems and fixtures within the buildings and attachments such as stairs, fire escapes, canopies, lighting fixtures, flagpoles, and other items that serve the building. Plumbing systems, lighting systems, heating, cooling, ventilating and air handling systems, sound systems, surveillance systems, elevators, built-in casework, walk-in coolers and freezers, fixed shelving, and other fixed equipment are included as building components.
3. Equipment -- Equipment includes all other types of physical property, such as mechanical equipment, heavy equipment, office furniture, appliances, furnishings,

machinery items, maintenance equipment, communication equipment, laboratory equipment, and data processing equipment. Supplies that typically get used within one year are not included.

4. **Vehicles** - Motor vehicles include all vehicles for which title and license must be obtained including cars, trucks, buses, road-going trailers, dump trucks, and highway trucks. Vehicle accessories will be identified as a component asset of the vehicle to which they are attached.
5. **Infrastructure** -Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital and that are normally stationary in nature. Examples include new roads, bridges, storm water and drainage systems.

## **RESPONSIBILITIES FOR INVENTORY AND REPORTING OF CAPITAL ASSETS**

### **Responsibilities of County Departments**

Department heads are the stewards for each piece of property utilized by their department. The steward will be the focal point for questions for availability, condition, and usage of the asset.

The steward shall be designated as the person to record the receipt of the asset, to examine the asset to make sure no damage was incurred during shipment, and to make sure the asset was received in working order. The steward is also responsible for arranging the necessary preventative maintenance and any needed repairs to keep the asset in working condition. The steward also ensures that the asset is used for the purpose for which it was acquired and that there is no personal or unauthorized use. The steward is responsible for reporting any loss, theft, or damage to the assets.

Departments are to maintain inventories of all capital 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 \$9,999 or less and which are tracked and inventoried.

Department heads are to 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 Delaware County Auditor's Office. Department heads are required to use the Auditor's Office prescribed forms and to meet with the Auditor's Office, or its designee, if necessary, for the proper preparation of the capital asset reports.

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.

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.

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.

The Delaware County Commissioners and the Auditor's Office may conduct spot checks of the asset inventory and condition on a random, unannounced basis.

### **Responsibilities of the County Auditor's Office**

The Delaware County Auditor's office is responsible for ensuring that accounting for capital assets is being exercised by establishing a capital asset inventory that is updated annually for additions, retirements, transfers, and items retroactively added. The Auditor's Office is responsible for securing a fixed asset advisor for the county, if deemed necessary, and for the financial reporting of the capital assets, including depreciation expense and assets included in the inventory but not depreciated.

### **DEPRECIATION METHODS**

Delaware County will depreciate capital assets by using the straight-line method. Assets will be depreciated based on the estimated useful life of each asset.

The following are the estimated useful lives for each asset class:

1. Buildings-50years
2. Infrastructure being depreciated -50 years
3. Building components and improvements -20
4. Machinery and equipment- 5 to 15 years
5. Vehicles-5to 15years
  - Car- 5 Years
  - Sport Utility Vehicle (SUV) - 10 Years
  - Large trucks - 15 Years

PASSED AND ADOPTED BY THE BOARD OF COMMISSIONERS OF DELAWARE COUNTY,  
INDIANA ON THIS, THE 1<sup>st</sup> DAY OF July, 2024.

BOARD OF COMMISSIONERS OF  
DELAWARE COUNTY, INDIANA



James King, Commissioner



Sherry Riggins, Commissioner



Shannon Henry, Commissioner

ATTEST:



Edward Carroll, Auditor  
Delaware County, Indiana