



Chapter 2.95 CAPITAL ASSET POLICY

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2.95.010 General Information.



The Fixed Assets Policy is being revised effective with the adoption of this ordinance. The new policy will be referred to as the Capital Asset Policy. This revision was instituted to change the minimum dollar value of capital assets reported on our financial statements (See Attachment A). The revision is related to the implementation of the new reporting model, Governmental Standards Accounting Board Statement 34. The new reporting model will require Vanderburgh County to depreciate certain capital assets.

(2.95.010, Added, 12/23/2002, Replaced 3.24)

2.95.011 Definitions of Capital Assets.



Capital assets include: land, easements, right of ways, land improvements, building, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, works of art and monuments. Land, easements, right of ways and land improvements will be capitalized but not depreciated. Other capital assets with a useful life of more than one year shall be capitalized and depreciated (including acquisitions by lease-purchase agreements and donated items). A capital asset meeting this criteria will be reported in the government-wide financial statements (See Attachment A for details).

Assets that are not capitalized are expended in the year of acquisition. An inventory will be kept by Office Holders/Departments Heads, and they will provide a yearly report to the County Commissioners of such items. The inventory report shall be given to the County Commissioners during the first quarter of each calendar year.

(2.95.011, Added, 12/23/2002, Replaced 3.24.)

2.95.012 Valuation of Capital Assets. 

Capital assets should be recorded at actual cost. Normally the cost recorded is the purchase price or construction costs of the asset, but also included is any other reasonable and necessary costs incurred to place the asset in its intended location and intended use that can be directly related to the asset. Such costs could include the following:

- a. legal and title fees, closing costs
- b. appraisal and negotiation fees, surveying fees,
- c. damage payments
- d. land preparation costs, demolition costs
- e. architect and accounting fees,
- f. insurance premiums during construction
- g. transportation charges,
- h. interest costs during construction

Donated or contributed assets should be recorded at their fair market value on the date donated or acquired.

(2.95.012, Added, 12/23/2002, Replaced 3.24.)

2.95.013 Asset Definitions by Major Category. 

It is important to the maintenance of accurate records that each asset category be precisely defined and that all persons responsible for records maintenance be fully aware of the categorization system. This section further clarifies the asset definitions by major category.

A. Land, Easements and Right of Ways:

Specified land, easements, right of ways, lots, parcels or acreage owned by the unit or its various departments, boards or authorities, regardless of the method or date of acquisition. See 2.94.017 for a statement regarding tax sale properties.

B. Improvements Other Than Buildings:

Examples of unit assets in this category are walks, parking areas and drives, fencing, retaining walls, pools, fountains, planters, underground sprinkler systems, and other similar items.

Sidewalks and parking areas are immaterial to the total property and are excluded from this ordinance.

C. Buildings:

All structures designed and erected to house equipment, services, or functions are included. This includes systems, services, and fixtures within the buildings, and attachments such as porches, stairs, fire escapes, canopies, areaways, lighting fixtures, flagpoles, and all other such units that serve the building.

Plumbing systems, lighting systems, heating, cooling, ventilating and air handling systems, sprinkler systems, alarm systems, sound systems, surveillance systems, passenger and freight elevators, escalators, built-in casework, walk-in coolers and freezers, fixed shelving and other fixed equipment are included with the building, if owned. Communications antennas and/or towers are not included as buildings as they are parts of the equipment units that they serve.

Building Improvements/Maintenance:

The items which extend the useful life of the building are to be capitalized, including remodeling, roofing projects, energy conservation projects, etc. These items are to be recorded by including project description, year completed, funding source and dollar amount. See section 2.95.019 regarding maintenance definition.

D. Equipment:

Equipment includes all other types of physical property within the scope of the Capital Asset Policy, not previously classified. Included within this category are office mechanical equipment, office furniture, appliances, furnishings, machinery items, maintenance equipment, communication equipment, sheriff, fire, sanitation and park department equipment, laboratory equipment, dogs, horses, vehicles, road equipment, aircraft, emergency equipment, earth moving equipment, test equipment, civil defense equipment and data processing equipment. All supplies are excluded.

Equipment Maintenance/Repair:

Items which extend the useful life of the equipment are to be capitalized. Include the description, year completed, funding source and dollar amount. This will not include normal maintenance costs and/or supplies. (Examples include motor, parts, etc. exceeding the costs as listed on Attachment A) See section 2.95.019 regarding maintenance definition.

E. Infrastructure:

Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets and are normally stationary in nature. Examples include roads, bridges, sidewalks, traffic signals, drainage systems. Infrastructure assets can include structures directly related to the infrastructure. Street signs and traffic control signs are not included.

F. Vehicle:

Vehicles owned by the unit or its various departments, boards or authorities, regardless of the method or date of acquisition.

Vehicle Maintenance/Repair:

The items which extend the useful life of the vehicle are to be capitalized. Include description, year completed, funding source and dollar amount. This will not include normal maintenance costs and/or supplies such as oil changes, tires, etc. (An example would be new motor) See Section 2.95.019 regarding maintenance definition.

(2.95.013, Amended, 12/29/2003; 2.95.013, Added, 12/23/2002, Replaced 3.24.)

2.95.014 Retroactive Infrastructure procedures for compilation. 

All provisions of GASB 34, except retroactive reporting is to occur for fiscal years beginning after December 31, 2002. Retroactive reporting is not mandated until fiscal years beginning after January 1, 2006.

Retroactive reporting will require obtaining historic cost of all major infrastructure assets that were acquired after December 31, 1980. Once again these costs may include all costs necessary to make the asset fully operational.

For infrastructure assets where no historic cost is available, the County may estimate historical costs by calculating current replacement costs and adjusting for price level changes by using indexes

Retroactive reporting will require reporting infrastructure assets net of accumulated depreciation.

(2.95.014, Added, 12/23/2002, Replaced 3.24.)

2.95.015 Asset Transfer and Dispositions. 

Property should not be transferred, turned in for auction, or disposed of without prior approval of the appropriate department head or elected official. A Capital Asset Notification form should be sent to the Fiscal Officer in all cases. Invoices for new purchases will not be paid unless this form is attached. Deletions for any reason must be reported to the Fiscal Officer or his/her designee.

(2.95.015, Added, 12/23/2002, Replaced 3.24.)

2.95.016 Periodic Inventories. 

A physical inventory of capital assets will be conducted by each department as near as practical to year-end. The Fiscal Officer will provide a list of the inventory on file which will be sent to each department before each year-end. The department heads will then compare physical observations of assets to the listing noting whether the assets exists, the location if not apparent otherwise, and other relevant factors. If the condition of an asset has deteriorated to the point it's useful life has been impaired, that fact should be noted, and the reasons for such omissions should be documented to the extent possible. Office Holders/Department heads will be accountable for the capital asset inventory charged to their office/department. The physical inventory sheet and related documentation will be forwarded to the Fiscal Officer when requested. The Fiscal Officer will compare the results of the physical inventory to the capital asset records and make necessary adjustments to the capital assets.

(2.95.016, Added, 12/23/2002, Replaced 3.24.)

2.95.017 Exclusion. 

All properties obtained through tax sale including but not limited to land, buildings, land improvements, building improvements shall be considered to have no dollar value and will be excluded from reporting as they are considered to be property that is being held for resale.

(2.95.017, Added, 12/23/2002, Replaced 3.24.)

2.95.018 Recording a capital asset. 

The Fiscal Officer will ensure that accounting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Fiscal

Officer will further ensure that the capital asset report will be updated annually to reflect additions, retirements, and transfers and to reflect the new, annual capital asset balance for financial reporting purposes and the annual and accumulated depreciation calculation.

Day to day stewardship of property (above and in selected instances below the capitalization threshold) as outlined in Attachment A is the expressed responsibility of the operating office/department utilizing the property.

All assets should be properly recorded on a Capital Asset Form and sent to the Fiscal Officer along with the paperwork requesting payment to the vendor. No payment will be processed for the vendor unless this requirement is met. This will ensure that all capital assets are recorded.

(2.95.018, Added, 12/23/2002, Replaced 3.24.)

2.95.019 Maintenance of capital assets.

For maintenance of the capital asset accounting report, the operating office/departments have the responsibility to report additions, retirements, and transfers in detail to the Fiscal Officer. Detail includes such data elements as asset description, location, make, model, serial number, date of acquisition, cost, life and other information deemed relevant. It is expected that this reporting will be in a timely manner, as the capital asset record must be updated annually.

(2.95.019, Added, 12/23/2002, Replaced 3.24.)

Exhibit A:

ATTACHMENT A

CLASS OF ASSET	MINIMUM THRESHOLD	YEARS OF USEFUL LIFE/COMPOSITE RATE	DEPRECIATION METHOD
Land, Easements and Right of Ways	All		N/A
Lots, Parcels, Acreage	All		
Improvements Other Than Buildings	25,000		Straightline
Fencing, gates		20	
Landscaping		10	
Outside Sprinkler Systems		25	
Athletic Fields		15	
Miniature Golf Courses		20	
Septic Systems		15	
Stadiums		45	
Swimming Pools		20	
Tennis Courts		20	

Fountains		20	
Retaining Walls		20	
Man Made Lakes		15	
Bleachers		20	
Outdoor Lighting			
Bikes and Jogging Paths		10	
Buildings			Straightline
Permanent Structures	100,000	50	
Portable Structures	25,000	25	
Building Improvements and Maintenance	50,000		
Excavation		50	
Foundation		50	
Frame		50	
Floor Structure		50	
Floor Covering		15	
Carpeting		5	
Exterior Walls		50	
Roof Cover		10	
Interior Construction		15	
Interior Renovation		10	
Ceiling Finish		10	
Plumbing		20	
HVAC		20	
Electrical		20	
Fire System		25	
Elevators		20	
Equipment ME			Straightline
Equipment Maintenance and Repair	10,000	5	
Office Furniture	5,000	20	
Maintenance Equipment	15,000	10	

Grounds Equipment (lawnmowers, tractors)	5,000	15	
Transportation Equipment	15,000	10	
Heavy Equipment	25,000	10	
Office Equipment (copiers, etc)	5,000	5	
Computer Hardware	5,000	3	
Computer Software	5,000	5	
Athletic Equipment	5,000	10	
Appliances/Food Service Equipment	10,000	10	
Audio Visual Equipment	5,000	7	
Books, multi-media equipment	5,000	5	
Communication Equipment	20,000	10	
Lab, science Equipment	5,000	10	
Law enforcement equipment	10,000	10	
Tools	5,000	15	
Outdoor Recreation Equipment	5,000	15	
Stage and Auditorium Equipment	25,000	20	
Custodial Equipment	5,000	15	
Vehicles <i>VE</i>	15,000	5	
Vehicle Maintenance and Repairs	10,000	5	
Infrastructure			Straightline
Network - Roads	All		
Gravel		15	
Concrete with open ditches		30	
Concrete with curb & gutter & storm sewers		30	
Asphaltic Concrete with open ditches		20	
Asphaltic Concrete with curb & gutter & storm sewers		20	
Network - Bridges	All		
Concrete Beam		45	

Steel with truss		50	
Steel without truss		45	
Timber/Wood		30	
Reinforced Concrete Pipe		50	
Corregated Metal Pipe		30	
Traffic Signals	50,000	20	

(2.95.020, Amended, 12/29/2003; 2.95.020, Added, 12/23/2002, Replaced 3.24.)

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