

ORDINANCE NO. 2024 - 02

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

WHEREAS, the Board of Commissioners of Shelby County, Indiana (the “Commissioners”) is charged with exercising the executive and legislative authority of Shelby County, Indiana (the “County” or “Shelby County”);

WHEREAS, the County Council of Shelby County, Indiana (the “Council”), acts as the fiscal body of the County; and

WHEREAS, the Commissioners and the Council wish to improve the accuracy and clarity of financial reporting in order to better serve the County’s taxpayers.

NOW, THEREFORE, be it ordained by the Commissioners and the Council of Shelby County, as follows:

- 1. Establishment of Capital Asset Policy.** There is hereby established, under the terms contained herein, a Capital Asset Policy.
- 2. Statement of Purpose.** This Capital Asset Policy shall be construed to further the following purposes:
 - a. To safeguard the investments of the taxpayers of Shelby County;
 - b. To comply with the standards for accounting applicable to local government, including those set by the State Board of Accounts and the Governmental Accounting Standards Board;
 - c. To fix responsibility for the custody of capital assets;
 - d. To maintain accurate records of all fixed assets that are capitalized;
 - e. To provide data for clear and accurate financial reporting; and
 - f. To demonstrate appropriate stewardship and responsibility for public assets.
- 3. Definition of Capital Asset.** Capital assets are assets having a useful life of more than one year and an acquisition cost of \$5,000 or more. Capital assets include:
 - a. Land: Specified land, lots, parcels, or acreage, including rights of way owned by or in favor of the County.
 - b. Buildings and Improvements: All structures designed and erected to house equipment, services, or functions. 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.
 - c. Equipment: 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.

- d. Vehicles: 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.
- e. Infrastructure: Includes roads, bridges, storm water and drainage systems.

4. Capitalization of Assets.

- a. All items with a useful life of more than one year and a cost of \$5,000 or more shall be capitalized, including acquisitions by lease-purchase agreements and donated items.
- b. All land will be capitalized but not depreciated.
- c. 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.
- d. Items costing less than \$5,000 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 capital asset's economic life or expand its usefulness, will be included in the cost of the larger unit.

5. Establishment of Capital Asset Inventory.

- a. The County shall create and maintain an inventory of all capital assets meeting the foregoing criteria and shall report said assets in the County's financial statements.
- b. An asset not meeting the definition of a capital asset shall be expensed in the year the asset is acquired.
- c. Each department head shall maintain an inventory of capital assets under their supervision.

6. Capitalization Threshold.

- a. To be considered a capital asset for financial reporting purposes, an item must be at or above the capitalization threshold and have a cost greater than \$5,000.
- b. 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 other reasonable and necessary costs incurred to place the asset in its intended location and facilitate its intended use, including:
 - i. Title fees and closing costs;
 - ii. Appraisal and negotiation fees;
 - iii. Land preparation or demolition costs;
 - iv. Architect, engineering, surveying, legal, and accounting fees;
 - v. Transportation charges.
- c. If no cost is available for a capital asset, a replacement cost or a historical cost index may be used.
- d. Assets acquired through lease purchase agreements that meet these specifications shall be capitalized.
- e. Donated capital assets should be recorded at fair market value on the date donated.

7. Responsibilities of County Departments.

- a. Department heads shall be the stewards for each piece of property utilized by their respective departments. Each department head will be the primary point of contact for questions regarding availability, condition, and usage of an asset.
- b. With respect to each capital asset received by a department, each department head shall:
 - i. Record the receipt of the asset;
 - ii. Examine the asset to make sure no damage was incurred during shipment and confirm the asset was received in working order;
 - iii. Arrange for necessary preventative maintenance and any needed repairs to keep the asset in working condition;
 - iv. Ensure that the asset is used for the purpose for which it was acquired and that there is no personal or unauthorized use;
 - v. Report any loss, theft, or damage to a capital asset.
- c. Department heads shall 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 Shelby County Auditor.
- d. Department heads shall consult with the Auditor as necessary in the preparation of capital asset reports and shall use the forms prescribed by the Auditor for said reports.
- e. 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 appropriate department head. Such inventory shall be taken annually. A copy of the inventory and/or updated inventories for minor but sensitive items shall be provided to the Auditor each year upon completion.
- f. Department heads are responsible for ensuring that acquisitions of capital assets follow all applicable policies, statutes, and regulations.

8. Responsibilities of the Shelby County Auditor.

- a. The Auditor is responsible for ensuring proper accounting for capital assets by establishing a capital asset inventory that is updated annually for additions, retirements, transfers, and items retroactively added.
- b. The Auditor is responsible for the financial reporting of the capital assets, including depreciation expense and assets included in the inventory but not depreciated.
- c. The Auditor shall establish deadlines for the reporting of inventory items by each department head.

9. Depreciation Methods.

- a. The County shall depreciate capital assets using the straight-line method. Assets will be depreciated based on the estimated useful life of each asset.
- b. The following are the estimated useful lives for each asset class:

Land	Not depreciated
Buildings	50 years
Improvements other than buildings	15 years
Construction work in progress	Not depreciated

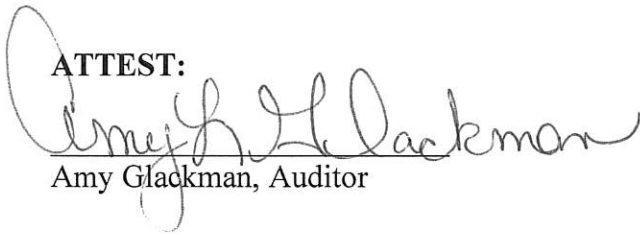
Machinery and equipment (unless specified elsewhere)	10 years
Distributor trucks and motor graders	25 years
Wheel loaders, dirt loaders, asphalt compactor rollers, snowplows, sanders, and chain saws	20 years
Sanitation trucks	15 years
Dump trucks, pickups, and excavators	10 years
Boom mower and tractors	8 years
Law enforcement vehicles	5 years
Roads	50 years
Bridges	75 years

10. Effectiveness. This Ordinance is effective upon passage.

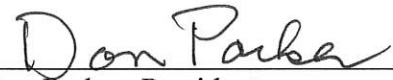
SO ADOPTED, ADJUDGED, AND DECREED this 18th day March

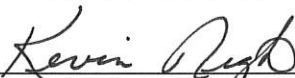
2024.

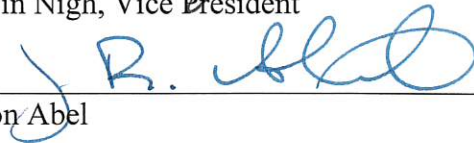
ATTEST:


Amy Glackman, Auditor

SHELBY COUNTY COMMISSIONERS:


Don Parker, President


Kevin Nigh, Vice President

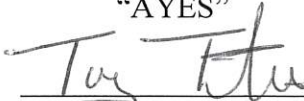

Jason Abel

SO ADOPTED, ADJUDGED, AND DECREED this 28th of March,

2024.

SHELBY COUNTY COUNCIL

“AYES”



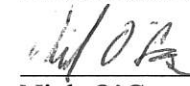
Tony Titus, President



Leigh Langkabel, Vice President



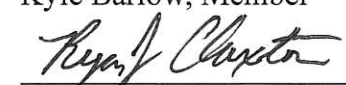
Brett Haacker, Member



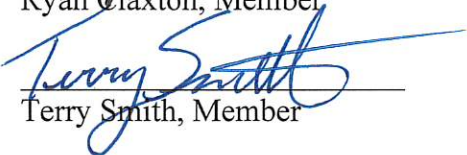
Nick O'Connor, Member



Kyle Barlow, Member



Ryan Claxton, Member



Terry Smith, Member

“NAYS”

Tony Titus, President

Leigh Langkabel, Vice President

Brett Haacker, Member

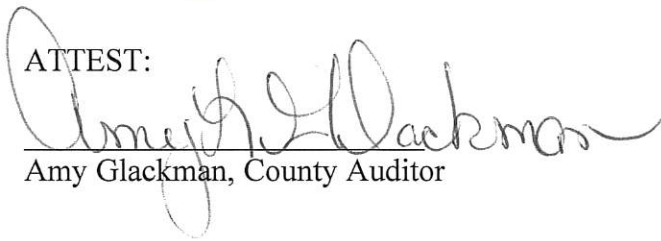
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ATTEST:



Amy Glackman, County Auditor