

ORDINANCE 2005 - 01

AN ORDINANCE ESTABLISHING A
FIXED ASSET CAPITALIZATION POLICY

ORDAINED BY THE BOARD OF COMMISSIONERS, COUNTY OF
HUNTINGTON, INDIANA, THAT:

WHEREAS, the Board of Commissioners is the governing body of the County of
Huntington in the State of Indiana, and

WHEREAS, the Board of Commissioners of the County of Huntington, Indiana so
desires to establish a capitalization policy for the County and its various departments.

NOW THEREFORE BE IT ORDAINED by the governing body county of
Huntington in the State of Indiana.

SECTION 1. DEFINITIONS AND PROVISIONS

LAND

This county will capitalize land purchases or donations as follows:

County Auditor's bookkeeper will capitalize all land purchases with
original or estimated historical costs of \$10,000.00 or greater. Original cost
of land will include the full value given to the seller, including relocation,
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).

The county auditor's bookkeeper will record donated land at the
market value at the time of donation excluding surveying costs and
associated legal fees.

Land purchases made using Federal or State funding will follow the funding
source guidelines and the above capital asset policy.

Exceptions to land capitalization are land purchased outright as
easements, or rights of ways to infrastructures.

BUILDINGS

This county will capitalize building purchases or donations as follows:

Huntington County Auditor's bookkeeper will capitalize all buildings with original or estimated historical cost of \$10,000.00 or greater. 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 item is installed at the time of building construction.

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

For improvements or renovations to buildings the cost will only be capitalized if the total cost is \$10,000.00 or greater. Replacement of a building roof, heating or cooling system and other building features shall be capitalized when the cost of the item is \$10,000.00 or greater.

Huntington County Auditor's bookkeeper will capitalize donated buildings using market value at the time of donation.

Building purchases made using Federal or State funding will follow the funding source guidelines and the above capital asset policy.

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

IMPROVEMENTS OTHER THAN BUILDINGS

This county will capitalize improvements other than buildings purchases or donations as follows:

Items to be included in this category are attachments to land that are not easily removed. Examples of improvements other than buildings are

parking lots, sidewalks on county owned property if they are not city or town owned sidewalks.

Huntington County will capitalize improvements other than buildings if the total cost of the improvement is \$10,000.00 or greater and the improvement is installed at a time other than when the building it is associated with is constructed.

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

Department heads shall be responsible for providing cost information to the Huntington County Auditor's office regarding improvements other than buildings that are \$10,000.00 or greater.

The Huntington County Auditor's bookkeeper will capitalize those improvements other than buildings and will also capitalize any donated improvements other than buildings using market value of the feature at the time of donation.

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

CONSTRUCTION IN PROGRESS

This county will capitalize county owned construction in progress as follows:

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

MACHINERY AND EQUIPMENT

This county will capitalize county owned machinery and equipment as follows:

Machinery and equipment are furnishing such as communications equipment, vehicles, and non-licensed highway equipment. The machinery and equipment that will be capitalized are those items with individual known or estimated costs of \$5,000.00 or greater. Attachments to machinery and equipment will be capitalized with a given item if the attachment is purchased at the same time as the equipment item. Attachments that are purchased separately from a given equipment item will be capitalized separately from an item if they are purchased at a time other than when the equipment item was purchased and have a cost of \$10,000.00 or greater.

The Huntington County Auditor's bookkeeper will be responsible for recording all capital machinery and equipment. The bookkeeper will also record donated machinery and equipment at market value at the time of the donation.

RECORDING AND ACCOUNTING

The Huntington County Auditor's bookkeeper will be responsible for maintaining records and accounts of capital assets that have original or estimated historical costs of \$5,000.00 or greater for machinery and equipment and \$10,000.00 or greater for all other assets.

SAFEGUARD OF ASSETS

Capital expenditures made by Huntington County departments will be made in compliance with the County's adopted guidelines established in the Public Purchase Policy.

The department heads are responsible for filling out the forms and submitting them to the Huntington County Auditor. If items are transferred between departments, the department head that the item is transferred from shall submit a completed transfer form.

Adequate detailed records will be kept to assure accountability for county owned assets.

At least every two (2) years recorded capital assets with costs of \$10,000.00 or greater will be compared to a physical inventory of those assets and appropriate action will be taken to reconcile any differences. The physical inventory will include asset

description, year of acquisition, funding source, and original cost. If an item is disposed of the department head will fill out a disposal form. The Huntington County Auditor's bookkeeper will record the disposal on a disposal sheet and remove the item listing from current inventory. The salvage value of the disposed item shall be recorded.

If items are lost or stolen the responsible department head will be responsible for notifying the Huntington County Auditor's bookkeeper.

INFRASTRUCTURE ASSETS

INFRASTRUCTURE VALUATION

Infrastructure to be capitalized shall include all county owned roads and bridges with original or estimated historical costs of \$10,000.00 or greater.

Rights of ways of present county roads will not be included in the capitalized assets. Any new right of ways acquired by the county will be included if the cost or market value of such right of ways is \$10,000.00 or greater. Only the original known or estimated cost of a paved road will be capitalized.

Milling and paving or chip sealing will 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.

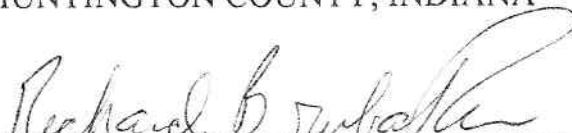
INFRASTRUCTURE RECORD KEEPING AND RECONCILIATION

The Huntington County Highway Engineer shall be responsible for maintaining accurate records regarding all Huntington County infrastructures. If roads or bridges are permanently closed or new roads are accepted into the county road system by the Huntington County Commissioners such changes shall be recorded by the Huntington County Auditor's bookkeeper in the year that such changes occur. If a gravel road is paved or if a road is totally redone beyond milling and paving or chip sealing, such improvement shall be considered a capital asset if the cost is \$10,000.00 or greater.


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

ADOPTED by the Huntington County Board of County Commissioners this 28th day of March, 2005.

BOARD OF COUNTY COMMISSIONERS
HUNTINGTON COUNTY, INDIANA


Richard W. Brubaker, Commissioner


Jerry P. Helvie, Commissioner


Steven D. Updike, Commissioner

ATTEST:


Donald D. Schoeff, Huntington
County Auditor