

RESOLUTION 2019- 24
HENDRICKS COUNTY, INDIANA
CAPITAL ASSET POLICY

PURPOSE

This capital asset policy will be effective on January 1, 2003. The purpose of this policy is to facilitate the preparation of financial statements in conformity with generally accepted accounting principles.

CLASSIFICATION OF ASSETS

Capital assets are personal and real property used in the operations of the County that have an expected estimated useful life beyond a single period. Capital assets are to include any item that falls into one of the following categories:

- I. Land
- II. Building and Building Improvements
- III. Machinery and Equipment
- IV. Vehicles
- V. Computer Software
- VI. General Infrastructure (Roads, Bridges, and Right-of-Ways)
- VII. Construction in Progress

CAPITALIZATION THRESHOLDS

To be considered a capital asset for financial reporting purposes, an item must be at or above the capitalization threshold and have a **unit** historical cost of \$10,000.00 or more.

The capitalization threshold for the following classes of assets shall be:

I.	Machinery, Equipment & Vehicles	\$ 10,000.00
II.	Buildings and Building Improvements	\$100,000.00
III.	General Infrastructure Improvements	\$200,000.00
IV.	Computer Software	\$ 50,000.00

With regard to improvements and buildings and general infrastructure, a capital outlay must be significant and increase capacity, increase efficiency or extend the asset's estimated useful life beyond the original expectation.

A change in capacity increases the level of service provided by the asset. A change in efficiency increases the level of service but without increasing the size of the asset or the change maintains the same level of service at a lower cost.

For example, an addition to a building provides increased square footage, hence, the capacity is increased and the capital outlay is capitalized. Widening a road with

additional lanes increases capacity and hence, the capital outlay is capitalized. An extended estimated useful life involves a significant alteration, structural change or improvement.

While substantial repairs and renovations will be reviewed for potential capitalization, it is anticipated that most will be expenses in the current year. These expenses often merely restore the asset to the original service potential but do not necessarily improve the asset.

All land, including right-of-ways, is capitalized at the time of acquisition regardless of historical costs or fair value if donated.

HISTORICAL COST OR ESTIMATED HISTORICAL COSTS

PROSPECTIVE REPORTING

Capital assets are recorded at historical cost which includes any ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include, for example, freight and transportation charges, site preparation costs, and professional fees. Engineering costs (internal and external) include related preliminary project and environmental studies; project estimating, design, and planning (drawings and specifications); and construction engineering, construction management, construction inspection and project payment. Donated capital assets are recorded at their estimated fair value at the time of acquisition.

RETROACTIVE REPORTING AT TRANSITION OF GASB STATEMENT 34

When actual historical cost source data was unavailable, estimated historical cost was developed utilizing a normal costing approach. With this method of estimating historical cost, a current replacement cost was ascertained. An appropriate cost index (including Consumer Price Index and Federal Highway Price Trends) corresponding to an estimated date of acquisition/construction was then applied to 'deflate' the replacement cost to an estimated historical cost.

ESTIMATED USEFUL LIVES OF DEPRECIABLE ASSETS

Capital assets have estimated useful lives extending beyond a single reporting period (one year) and are depreciated using the straight-line method with no allowance for salvage value. The estimated useful lives currently used were developed with the input of knowledgeable staff and reflect our government's experience with these assets:

Land and Improvements to Land Buildings and	Non-Depreciable
Building Improvements Machinery and	50 Years
Equipment	5 Years
Vehicles	
Automobiles	5 Years
Light Trucks	8 Years

Heavy Trucks	15 Years
General Infrastructure	
Roads	50 Years
Bridges	75 Years
Outdoor Lighting	10 Years
Software	5 Years

DEPRECIATION METHOD/CONVENTION

Depreciation will be calculated using the straight-line method and full-year convention. No salvage value or residual value will be recognized.

RETIREMENTS

Retirements apply to all capital assets including land, buildings, machinery and equipment, vehicles and general infrastructure.

When an asset is disposed of, scrapped, sold, subject to demolition, etc. it is to be removed from the property record and the appropriate reduction will be made to historical cost, accumulated depreciation, and net book value amounts.

Retirements will reflect the actual historical cost of the asset when the amount is ascertainable. When historical cost is not ascertainable, an estimated historical cost will be determined.

RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

The Hendricks County Auditor will ensure that reporting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Hendricks County Auditor will further ensure that the capital asset report will be updated annually to reflect improvements, additions, retirements, and transfers and to reflect the new annual capital asset balance for financial reporting purposes and the annual and accumulated depreciation calculations and net book value amounts.

Day-to-day stewardship of personal property above the capitalization threshold of \$5,000 is the expressed responsibility of the department utilizing the property.

For annual updating of the capital asset report, the departments have the responsibility to report improvements, additions, retirements, and transfers in detail to the Hendricks County Auditor. It is expected that this reporting will be in a timely manner, as the capital asset record must be updated annually.

PROPERTY CONTROL

Capital Assets below the capitalization threshold of \$5,000.00 on a unit basis but warranting "control" shall be inventoried at the department level and an appropriate list will be maintained. Data elements are to include asset description, location, make, mode, serial number, and other information that assists control or deemed relevant.


The assets below the capitalized threshold but considered *sensitive* may include, for example, weapons, radios, personal computers, laptop computers, printers, fax machines, and small power tools. These minor but sensitive items shall be inventoried and controlled at the department level.

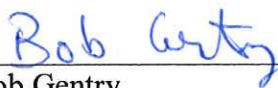
The Hendricks County Auditor shall determine appropriate means, level of detailed data elements, and the system to be utilized. Finally, the Hendricks County Auditor shall have the right to request copies of the inventory and/or updated inventory of controllable items so as to periodically review the information and adhere to policy.

Dated this 11th day of June 2019.

HENDRICKS COUNTY
BOARD OF COMMISSIONERS


Phyllis A. Palmer, President


Matthew D. Whetstone, Vice President


Bob Gentry

Attest:


Nancy L. Marsh