BROWN COUNTY ORDINANCE NO. 2025 –

An Ordinance Establishing A Capital Asset Policy
Detailing The Threshold At Which An Item Is Considered A Capital Asset

WHEREAS, Indiana Code 5-11-1-24 and 5-11-1-27, established the Accounting and Uniform Compliance Manual for County Auditors, which requires counties to have a Capital Asset Policy that details the threshold at which an item is considered a capital asset, and a complete physical inventory to be taken at least every two years; and

WHEREAS, the purpose of this Capital Asset Policy is to comply with the requirements of the State Board of Accounts and to facilitate the preparation of financial statements in conformity with generally accepted accounting principles, provide checks and balances, aid in transparency, fiscal responsibility, and accountability; and

WHEREAS, the board of Commissioners of the County of Wells finds it is in the best interests of the County and its citizens to adopt a Capital Asset Policy.

NOW, THEREFORE, be it ordained by The Board of Commissioners of the County of Brown, that a new section of the Brown County Code of Ordinances shall be added and the new section shall read as follows:

CAPITAL ASSET POLICY

(A) Capital Assets. Assets that have a useful life of at least two years and have a cost greater than $5,000. Assets that are not capitalized (items less than $5,000) will be expensed in the year of acquisition.

(1) Exceptions.

(a) Office equipment that is customed to fit the needs of a particular office Will be capitalized as a portion of the cost of the building or area in which they are located. All other office supplies and equipment will be capitalized if it meets the specific requirements for capitalization; and

(b) Inexhaustible assets, such as land, improvements, artwork, statues, and the like, will be reported at cost.

(B) Classifications. The following items are considered Capital Assets:

- Land: Consists of all lots, parcels, rights-of-way, easement, parks, police and fire stations and acreage owned by the County. This includes all bodies of water and natural vegetation growing on the properties. The records of each unit must include a description of land owned by the unit, its location, amount of acreage, its acquisition date, and purchase price (if no purchase price, then appraisal value may be used):

- Infrastructure: Includes long-lived assets normally stationary in nature. The account for the cost of infrastructure must reflect the location and brief description identifying each road, streetlight, traffic signals, bridge, tunnel, drainage system stormwater system, dam or lighting system owned by the unit;

- Buildings: Includes all structures erected by the County for purposes of conducting business, providing service, or facilitating work to the citizens of the County. This includes fixtures, systems, specifically designed equipment, porches, balconies, canopies, flagpoles, stairwells, fire escapes, patios, decks, and other attachments adding value to the building. The account for buildings must reflect the location of each building and the purchase price or construction cost of the improvement. If the building is a gift, then the account must reflect the appraised value at the time of acquisition;

- Improvements other than Buildings: The account must reflect acquisition value of permanent improvements (not buildings), added to land such as fences, landscaping, parking areas, sprinkler, systems, driveways, retaining walls, sidewalks, gutters, etc.;

- Machinery and equipment: This includes, but is not limited to, furniture, appliances, construction equipment, maintenance equipment, computers, data processing equipment, desks, safes, cabinets, books, cell phones, valued at purchase cost; and

- Construction in progress: The cost of a project not completed is identified as “construction work in progress,” and once construction is complete it must be inventoried with the assigned asset account;

- Vehicles: Vehicles will be inventoried.

- Works of art and historical treasures: These items will be recorded at historical cost.

(C) Valuation (Threshold). The County must maintain a complete list of capital assets owned which reflects their acquisition value until the items are retired, disposed of, sold, or traded in. Capital assets are valued based on historical valuation or the estimated historical cost “going price” at the time of acquisition, or consumer price index calculation.

(D)Infrastructure Assets. All fixed assets will be valued at the unit or system level. If these costs exceed $5,000, they will be capitalized. Any expense related to the cost of making the asset operational may be included in this cost including the following:

(1) Legal and title fees, closing costs;
(2) Appraisal and negotiation fees, surveying fees;
(3) Damage payments;
(4) Land preparation costs, demolition costs;
(5) Architecture, engineering, and accounting fees;
(6) Insurance premiums during construction; and
(7) Transportation charges.

(a) Capital assets are to be recorded at actual cost, that includes all expenses to make the asset fully operational. If no cost is available, replacement cost, or historical cost index may be used.

(b) Fixed assets will be capitalized when they exceed the sum of $5,000

(c) Donated of contributed assets should be recorded at their fail’ market value on the date donated.

(E) Physical Inventory. All capital assets will be inventoried every year. A physical inventory will be the responsibility of the department head to account for all capital assets at year-end, as well as inventory items that are tracked and inventoried. The physical inventory will include the following items: asset description, year of acquisition, method of acquisition, funding source, cost or estimate cost and salvage value. This information will be housed in the County's financial reporting system.

(1) Responsibility of department heads. It is the responsibility of the department heads to act as or to designate a steward for each piece of property. The steward will become the focal point for questions regarding the availability, condition, and usage of the asset, as well as the contact during the physical inventory process. This includes recording the receipt of the asset and arranging for repairs and maintenance.

(F) Capital Asset Acquisition and Obsolescence. Any newly acquired assets with a value of $5,000 or more are to be reported on the asset form prescribed by the County Auditor's office. Any asset with a value of less than $5,000 that is no longer in use will be removed from the documents provided to each office. Both reports adding assets and removing assets are due in the Auditor's office by the first Friday in January of each year.

(G) Capital Asset Disposition and Transfer. Property should not be transferred, turned in for auction, or disposed of without prior written approval from the department head. A capital asset notification form should be sent to the County Auditor's office in all cases. The form may be used for transfer (change in location, account, department, or building) or disposal (retirement) of property.

Authority: Indiana Code 5-11-1-24 and 5-11-1-27
(Added by Ordinance 2025- _________, adopted November ________, 2025)"

It is further ordained that this ordinance shall become effective upon adoption.

All as Passed and Ordained this ______ day of November 2025,

THE BOARD OF COMMISSIONERS
OF THE COUNTY OF BROWN:

____
Tim Clark

____
Ron Sanders

____
Kevin Patrick

ATTEST:

____
Julia Reeves