

## Exhibit A

# **CAPITAL ASSET POLICY FOR THE CITY OF WABASH--2026**

(Submitted to the Board of Public Works and Safety on February 9, 2026.)

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### **Section 1. GENERAL INFORMATION.**

The fixed asset policy is being issued effective February 9, 2026. This policy will be referred to as the capital asset policy (the policy). The purpose of the policy is to document the minimum value of capital assets and their corresponding depreciation to be reported in the City's Annual Financial Report to the State Board of Accounts. The capital asset threshold is \$5,000.00.

The City's storm and wastewater utility, herein after "the Utility," will follow this same policy and definition of capital assets. All assets of the Utility are considered infrastructure.

The City of Wabash is, by the ordinance codified in this chapter, establishing a capital asset policy in order to provide a higher degree of control over its considerable investment in capital assets, and to be able to demonstrate accountability to its various constituencies: citizens, rate-

payers, oversight bodies and regulators. All public information pertaining to capital assets will be made available in the Comprehensive Annual Financial Report (CAFR).

The purpose of establishing a capital asset policy is fivefold:

- (A) To safeguard the investments of the citizens of Wabash;
- (B) To fix responsibility for the custody of equipment;
- (C) To provide a basis for formulating capital asset acquisition, maintenance and retirement policies;
- (D) To provide data for financial reporting;
- (E) To demonstrate appropriate stewardship responsibility for public assets.

This policy will only serve to classify capital assets, including fixed and infrastructure, for accuracy in financial reporting through the Indiana State Board of Accounts.

**Section 2. DEFINITION OF CAPITAL ASSETS.**

“Capital assets” are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period and costs equal to or greater than the relevant capitalization threshold.

**Section 3. THRESHOLD LEVELS FOR CAPITAL ASSETS.**

The following schedule will be followed for the different types of capital assets other than infrastructure assets:

	<b>Capitalize/Depreciate</b>
Land	All/Capitalize only
Land Improvements	\$5,000
Building	\$5,000
Building Improvements	\$5,000
Construction in Progress	All/Capitalize only
Machinery and Equipment	\$5,000

### Capitalize/Depreciate

Vehicle	\$5,000
Utility Assets	\$5,000

#### **Section 4. VALUATION OF CAPITAL ASSETS.**

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index. Other relevant historical documents may be used in determining fair market value.

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

#### **Section 5. 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 are fully aware of the categorization system. This section further clarifies the asset definitions by major category.

(A) *Land*. Land is defined as specified land, lots, parcels or acreage including rights-of-way, owned by the City of Wabash, its various departments, boards or authorities, regardless of the method or date of acquisition. Easements will not be included as the City does not own them, but as an interest in land owned by another (i.e., property owner) that entitles its holder to a specified limited use.

(B) *Improvements other than buildings*. Examples of City assets in this category are walks, parking areas and drives, fencing, retaining walls, pools, fountains, planters, underground sprinkler systems, and other similar items.

(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, 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. Communication antennas and/or towers are not included as buildings. These are parts of the equipment units that they serve.

(D) *Equipment*. Equipment includes all other types of physical property within the scope of the Fixed Asset Management System not previously classified. Included within this category are office mechanical equipment, office furniture, appliances, furnishings, machinery items, maintenance equipment, communication equipment, Police, Fire, Sanitation and Park Department, laboratory equipment, vehicles, road equipment, aircraft, emergency equipment, earth moving equipment, text equipment, civil defense equipment, and data processing equipment. All supplies are excluded.

(E) *Infrastructure*. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital and that are normally stationary in nature. Examples include roads, streetlights, traffic signals, drainage systems, and water systems. Infrastructure assets do not include buildings, drives, parking lots or any other examples given above that are incidental to property or access to the property above.

Additions and improvements to infrastructure, which increase the capacity or efficiency of the asset, will be capitalized. Maintenance/repairs will be considered as necessary to maintain the existing asset, and therefore not capitalized. For example, patching, resurfacing, snow removal, etc., are considered maintenance activities and will be expensed. Also, normal department operating activities such as feasibility studies, and preliminary engineering and design, will be expensed and not capitalized as an element of the infrastructure asset.

Alleys will not be included as part of infrastructure for the following reason:

Existing improved alleys will be maintained as gravel alleys, and the City is responsible only for the maintenance, such as patching and repairing. Therefore, the City will not track and value alleys, and the patching/repairs will be expensed as they occur.

The retroactive reporting requirements for infrastructure of GASB 34 requires the City to report items put into service from 1980 forward, and gives the City the option to report items put into service prior to 1980. The City will report only on items put into service after 1980. Retroactive reporting is not mandated until fiscal years beginning after January 1, 2010, with which the City will comply.

## **Section 6. DEPRECIATION AND USEFUL LIFE.**

The Clerk-Treasurer will assign an estimated useful life to all assets for the purposes of recording depreciation. The “Suggested Useful Lives” schedule below will be used to establish lives in accordance with the State Board of Accounts for most assets. Asset lives will be adjusted

as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented.

Depreciation will be calculated using the straight-line method using a monthly convention. An asset's historical cost will be depreciated down to the asset's salvage value or when the asset's net book value is zero.

<b>Asset Class</b>	<b>Useful Life</b>	<b>Source</b>
<b>Land:</b>		
Land	NA	NA
Land Improvements	NA	NA
Right-of-Way	NA	NA
Easement	NA	NA
<b>Buildings:</b>		
Permanent Structure	50	SBOA
Foundation, Frame, Floor Structure	50	SBOA
Interior Construction	15	SBOA
HVAC Systems/Fire Alarms	20	SBOA
Floor Covering	15	SBOA
Carpet	5	SBOA
Electrical	20	SBOA
Plumbing	20	SBOA
Masonry Interior/Exterior Construction	10	Internal
Wood Frame Open Structure (i.e., Park Shelter)	30	Internal
Metal Frame Open Structure	50	Internal
Roof	10	SBOA

<b>Asset Class</b>	<b>Useful Life</b>	<b>Source</b>
<b>Improvements Other Than Buildings:</b>		
Parking Lots	50	SBOA
Street Lights/Traffic Lights/Flagpole	25	SBOA
Fencing	20	SBOA
Basketball Courts	20	SBOA
Roads	50	SBOA
Signs	10	SBOA
<b>Infrastructure:</b>		
Storm Drains	50	SBOA
Storm Infrastructure	50	Internal
<b>Machinery and Equipment:</b>		
General Equipment	12	SBOA
Athletic/Exercise Equipment	10	SBOA
AV Equipment	7	SBOA
Computer Hardware	5	SBOA
Copiers	5	SBOA
Communication Equipment	10	SBOA
Furniture	15	SBOA
General Shop Equipment	20	SBOA
General Tools	10	SBOA
Outdoor Recreation Equipment	15	SBOA
Trailers	12	SBOA
Mowers	7	Internal

<b>Asset Class</b>	<b>Useful Life</b>	<b>Source</b>
<b>Vehicles (Licensed):</b>		
Automobile	6	SBOA
ATV	6	SBOA
Truck	6	SBOA
SUV	6	SBOA

**Section 7. CAPITAL ASSET ACQUISITIONS.**

(A) The method of acquisition is not a determining factor. Each department should report items acquired by:

- (1) Regular purchases;
- (2) Lease purchase – see below;
- (3) Construction by City personnel;
- (4) Construction by an outside contractor;
- (5) Resolution/condemnation;
- (6) Donation/contribution;
- (7) Addition to an existing asset;
- (8) Transfer from another department;
- (9) Trade or barter;
- (10) Annexation.

(B) Leased equipment should be capitalized if the lease agreement meets any one of the following criteria:

- (1) The lease transfers ownership of the property to the lessee by the end of the lease term.
- (2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent of the estimated economic life of the leased property.

(4) The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

Leases that do not meet any of the above criteria should be recorded as an operating lease and reported in the notes of the financial statements.

#### **Section 8. ASSET TRANSFERS AND DISPOSITIONS.**

Property should not be transferred, turned in for auction, or disposed of without prior approval of the proper board or commission in a public meeting.

If an asset is stolen, the department should notify the Mayor as well as the Clerk-Treasurer's office.

#### **Section 9. PERIODIC INVENTORIES.**

A physical inventory of all capital assets (any item over \$5,000) will be conducted in each department on or before December 31 of every even numbered year. The City Clerk-Treasurer's office will conduct spot checks on a random basis. Department heads will be accountable for the capital asset inventory charged to their departments by verifying a list of their capital assets at year-end.

#### **Section 10. RESPONSIBILITIES OF CLERK-TREASURER'S OFFICE.**

The Deputy Clerk-Treasurer will ensure that accounting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Deputy Clerk-Treasurer 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. After completion of the inventory and report, the Clerk-Treasurer shall review the inventory and report and attest to their accuracy. To the extent that the Clerk-Treasurer finds acceptable, the schedule of property and assets provided to the City's insurer for purposes of establishing the City's insurable property and the value thereof, may constitute the capital asset inventory so long as said schedule is periodically reviewed and updated.

#### **Section 11. RESPONSIBILITIES OF DEPARTMENT HEADS.**

It is the responsibility of the department head to act as or designate a steward for each piece of property. Department heads for this chapter are defined as follows:

Utility – Wastewater Treatment Plant Superintendent

Public Safety – Police Chief.

Ambulance Service and Fire Safety – Fire Chief

Public Works – Mayor.

Parks – Park Department Superintendent

Redevelopment Commission – Grow Wabash County Executive Director

City Hall and other property not under any other Department Head – Building Commissioner

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.

The steward shall be designated as the person to record the receipt of the asset, to examine the asset to make sure that no damage was incurred during shipment and to make sure that the asset was received in working order.

The steward is also responsible for arranging for the necessary preventative maintenance and any needed repairs to keep the asset in working condition. It is necessary to have a responsible person available for questions that arise during a physical inventory or when someone wants to borrow the asset. The steward ensures that the asset is used for the purpose for which it was acquired and that there is no personal or unauthorized use. In addition, the steward should report any property damage or theft.