

RESOLUTION 25-146

**JASPER COUNTY
CAPITAL ASSET MANAGEMENT POLICY**

WHEREAS, the Jasper County Board of Supervisors desires to revise any and all previous capital asset policies by implementing the following:

General Information

The "GASB34 Implementation Capital Assets Including Infrastructure Policy" dated August 26th, 2003, revised on June 1, 2007, and now revised effective December 1, 2025. The policy will be referred to as the "**Capital Asset Management Policy**". This revision is instituted to change the disposal of capital assets.

Asset Capitalization

GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, defines capital assets as, "land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible and intangible assets used in operations and that have initial useful lives extending beyond a single reporting period."

Capital assets should be reported at historical cost. This should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, including transportation and freight, site preparation costs, and professional fees. The historical cost should include the cost of any subsequent additions or improvements, which would extend the expected useful life of the asset but exclude the cost of repairs or routine maintenance. Items acquired to extend the life of a previously acquired asset are not required to be inventoried but are added to the historical cost of the asset and capitalized. Maintenance costs are to be expensed rather than capitalized. The independent judgment of capital improvement versus repair or maintenance will be distinguished through a quantifiable measurement by the Elected Official or Department Head on a case-by-case basis. Trade-in value, if any, should not be included in an asset's cost. Example: purchase cost + trade-in value of old asset = total cost of asset. A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset. Any additional cash paid as part of such an agreement must be reported as an expenditure in the appropriate governmental fund.

Donated capital assets are to be reported at their estimated fair value at the time of acquisition plus any ancillary charges, if any.

Effective December 1, 2025, Jasper County will report the following major categories of capital assets that have an estimated life of two (2) years or more:

- Machinery and equipment including vehicles
- Buildings and improvements
- Land
- Land improvements
- Infrastructure
- Construction in progress

These assets are defined as:

Equipment - tangible property that does not lose its identity when removed from its location and is not changed materially or consumed immediately (within one year) by use.

Buildings and building improvements - permanent structures owned or held by the government and the permanent improvements that add value to the building.

Land and land improvements - land and improvements to land that ready land for its intended use, such as excavation, fill, grading, retaining walls, parking lots, fencing, landscaping, and utility installation.

Infrastructure - long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and are normally stationary in nature, and generally of value only to the government. Examples include roads, bridges, tunnels, drainage systems, curbs, gutters, sidewalks, water and sewer systems, dams, street lighting systems, and buildings, such as rest area facilities and road maintenance shops, that are an ancillary part of a network of infrastructure asset.

Collections of works of art, historical treasures and similar assets are one or more items that are held for public exhibition, education, or research in furtherance of public service. Collections will not be capitalized if they meet the criteria for exclusion under GASB Statement 34. Capitalized collections or items may require depreciation. Collections defined as inexhaustible do not require depreciation, but exhaustible collections or items must be depreciated over their estimated useful lives.

The capital asset thresholds for financial reporting purposes are as follows:

Machinery, equipment & vehicles	\$ 5,000
Buildings & Improvements	\$ 5,000
Land	\$ 5,000
Land Improvements	\$ 5,000
Infrastructure	\$50,000

Furthermore, the thresholds apply to individual assets, and it is not acceptable to account for items in aggregate to meet the threshold limitations. (For example, it would not be appropriate to capitalize 5 desks that cost \$1,000 each, which in aggregate meets the \$5,000 limitation.)

This policy must be applied to all capital assets. If an asset that meets the threshold criteria is fully depreciated, the asset must be reported at the historical cost and the applicable accumulated depreciation must also be reported. It is not appropriate to "net" the asset and depreciation to avoid reporting.

For internal control purposes, each Elected Official and Department Head shall maintain an inventory listing of certain assets (controlled equipment) that do not meet the above reference capitalization amounts. Controlled equipment will not be reflected in the financial statements. Controlled

equipment includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential loss of theft. Controlled equipment may include items such as computers, construction equipment, and other office equipment.

Each Elected Official and Department Head is responsible for all capital assets and controlled equipment within their areas of responsibility. A Capital Asset Notification form shall be used and sent to the Auditor's office at the time a change in the inventory occurs. Invoices for new purchases will not be paid unless this form is attached.

A physical-count sampling of Jasper County's capital assets inventory will be done on an annual basis at the discretion of the Auditor.

Capital assets that are being depreciated will be reported net of accumulated depreciation in the statement of net assets. Depreciation expense will be reported in the statement of activities.

When capital assets are sold or disposed of, it is necessary to calculate and report a gain or loss in the statement of activities. The gain/loss is calculated by subtracting the net book value (historical cost less any accumulated depreciation) from the net amount realized on the sale or disposal.

Depreciation Method for Capital Assets

Capital assets meeting the criteria should be depreciated over their estimated useful lives. Depreciation expense will be measured by the straight-line depreciation method which is historical cost divided over the estimated useful life of the asset.

$$\text{Formula} = \text{Historical Cost} / \text{Estimated Useful Life}$$

A full year's depreciation will be taken in the year of acquisition for the capital assets of machinery, equipment, vehicles, buildings and building improvements.

Land and construction in progress are not depreciated.

Estimated Useful Lives of Capital Assets

The standards or parameters for estimating the useful lives of capital assets are based on professional judgments and industry averages, therefore determined to be objectively reasonable. Jasper County will have a subsequent review of estimated useful lives of capital assets once established to reflect changes in the condition of the asset or its use.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded in order to facilitate depreciation and tracking.

The following ranges are proposed as guidelines in setting estimated useful lives for asset reporting:

Machinery and equipment	2-20 years
Vehicles	3-15 years
Buildings	40-50 years
Building improvements	20-50 years
Land improvements	10-50 years
Infrastructure	10-65 years

Infrastructure

Jasper County has followed the guideline developed by the Iowa County Engineers Association (ICEA) Cost Accounting Committee and approved by the Iowa County Finance Board for GASB 34 infrastructure reporting system.

The following terms have specialized meanings within the infrastructure depreciation framework:

Construction-in-progress (CIP): Prior to completion of a project, all payments made will be classified as "CIP" amounts. This means no depreciation until the work is complete.

Original Cost: The total amount paid to complete the improvement equals the total of all partial payments and the final payment. When a project is finished, the accumulated CIP is reduced to zero and that amount is then added into the original cost category.

Depreciation Amount: It is the figure that gets allocated into annual depreciation installments.

Estimated Life: This is an estimate of how many years the infrastructure asset will be in service. Many will end up remaining in service beyond the estimated lifetimes set. The estimated life is only a basis for calculating annual depreciation installments - not a binding prediction.

Net Book Value (NBV): If a project is incomplete, NBV equals the current CIP amount. If placed into service, NBV equals the asset's original cost minus the current accumulated depreciation.

Network: A group of assets providing particular types of services.

Sub-system: Groups of assets that make up a portion of a network.

Infrastructure Class and Sub-System

Infrastructure will consist of three (3) classes: Roadways, Bridges and Culverts, and Right-of-Way. Infrastructure will consist of four (4) sub-systems: Paved, Hard Surfaced, Gravel and Earth.

Criteria

County road infrastructure improvements should be reported if they meet all of the following criteria:

1. Is expected to have a service life of at least ten (10) years. Includes bridges, grading, pavements, etc. Excludes seal coats, rock replacement, pavement marking, etc.
2. Is classified as construction. Maintenance items will be excluded.
3. Equals or exceeds the day labor cost limit listed in the Code of Iowa.

Recommended Lifetimes of Infrastructure

Based on the recommended values from the ICEA:

Right-of-way (ROW)	Not depreciated
Bridges	40-65 years
Culverts	40-65 years
Grading	50 years
Paving & Surfacing	10-30 years
Roadside Construction	Included in grading or paving
Traffic Control & Safety	25 years

Disposal and Transfer of Capital Assets

Real property owned by the County shall be disposed of in accordance with Chapter 331.361 of the Code of Iowa. A public hearing shall be held on the proposed sale. After the public hearing, the board may make a final determination on the proposed sale.

Other property shall be disposed of by one of the following means: traded, sold in a competitive public disposal of property process, PurpleWave, or sold for scrap or discarded. All Jasper County identifying information shall be removed prior to disposal. Any electronic or digital media shall be erased of any information or rendered inoperable and useless prior to disposal. Elected Officials and Department Heads shall provide written approval of assets disposed by filing a Capital Asset Notification form with the Auditor's office at the time of disposal. All Elected Officials or Departments Heads wanting to dispose of an asset will get proper approval from the Board of Supervisors in a public meeting before it can be disposed of.

Employees are prohibited from receiving capital assets unless purchased through a competitive public disposal of property process.

If an asset is transferred to another county department, each Elected Official or Department Head involved in the transfer shall provide written approval of the transfer by filing a Capital Asset Notification form with the Auditor's office at the time of transfer.

If an asset is stolen, the Elected Official or Department Head should ensure that a police report is promptly filed and that the police report be forwarded to the Auditor's office along with the Capital Asset Notification form.

NOW THEREFORE BE IT RESOLVED that this capital asset management policy shall be passed and approved this 11 day of November, 2025.

ATTEST:



Brandon Talsma, Chairman
Jasper County Board of Supervisors



Jenna Jennings
Jasper County Auditor