

ORDINANCE NO. 2021-11

AN ORDINANCE FOR THE TOWN OF ROANN

CAPITAL ASSET POLICY

WHEREAS, the Town of Roann Council (the "Council") is the legislative body of Town of Roann, Indiana (the "Town");

WHEREAS, the Council desires to make \$1,000.00 the minimum for reporting of Town property, both real and personal for recording capital assets to the minimum amount of \$5,000.00 for reporting of Town property, both real and personal for recording the capital assets of the Town of Roann.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ROANN, INDIANA THAT:

SECTION I

The Town Council of the Town of Roann, Indiana, hereby adopts, accepts and approves the "Town of Roann, Indiana, Capital Assets Policy" which policy is attached hereto as Exhibit "A" and incorporated herein and made a part hereof by reference thereto, as the capital assets policy of the Town of Roann, Indiana.

SECTION II

All other previous ordinances, resolutions, rule, or previous capital asset policies which conflict with the Town of Roann, Indiana, Capital Asset Policy herein adopted, are hereby repealed and of no further force or effect.

SECTION III

No part of this Ordinance shall be interpreted to conflict with any local, state or federal laws, and all reasonable efforts should be made to harmonize same. Should any section or part of this Ordinance be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of the Ordinance as a whole, or any other portion thereof other than that portion so declared to be invalid, and for this purpose the provisions of this Ordinance are hereby declared to be severable.

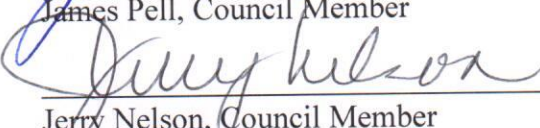
SECTION IV

This Ordinance was resolved this 13th day of July, 2021.

TOWN COUNCIL OF THE TOWN
OF ROANN, INDIANA


Richard Morris, Council President


James Pell, Council Member


Jerry Nelson, Council Member

ATTEST:

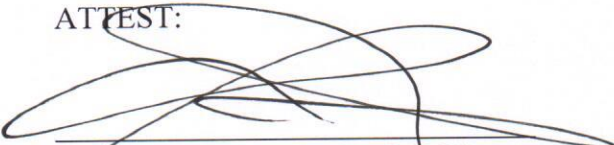

Robert "M" Ferguson Jr., IAMC
Clerk-Treasurer

EXHIBIT A

CAPITAL ASSET POLICY

PURPOSE.

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 government 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.

- (A) Land.
- (B) Land improvements.
- (C) Buildings.
- (D) Machinery and equipment.
- (E) Vehicles.
- (F) Computer software.
- (G) General infrastructure.
- (H) Construction in progress.

CAPITALIZATION THRESHOLDS.

(A) 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 \$5,000.00 or more. Assets will remain as part of the property record until they are retired or are disposed of, sold, traded in, and the like, regardless of net book value amount.

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

Land	n/a
Land improvements	\$10,000.00
Building improvements	\$10,000.00
Machinery and equipment and vehicles	\$5,000.00

Computer software	\$5,000.00
General infrastructure improvements	\$50,000.00
Construction in progress	n/a

(C) With regard to improvements to 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.

(D) 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 alternation, structural change or improvement.

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

(F) All land, including rights-of-way, is capitalized at the time of acquisition regardless of historical costs or fair value if donated.

HISTORICAL COST OR ESTIMATED HISTORICAL COSTS.

(A) *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.

(B) *Retroactive reporting at transition of Governmental Accounting Standards Board Statement No. 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	non-depreciable
Land improvements	20 years
Buildings	50 years
Machinery and equipment	5 years
Vehicles	
Autos	5 years
Light trucks	10 years
Heavy trucks	15 years
General infrastructure	20 to 100 years
Computer 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.

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

(B) When an asset is disposed of, scrapped, sold, subject to demolition, and the like, 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.

(C) 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.

(A) The Clerk-Treasurer will ensure that reporting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Clerk-Treasurer 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.

(B) Day-to-day stewardship of personal property above the capitalization threshold of \$5,000.00 is the responsibility of the department utilizing the property.

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

(D) To restate, additions of assets at or above the unit capitalization threshold of \$5,000.00 are to be reported to the Clerk-Treasurer by the departments upon purchase or receipt of the asset. These will be verified per the claims process by the Clerk-Treasurer's office. Transfers and retirements of assets at or above the \$5,000.00 unit threshold are to be reported as such by the departments to the Clerk-Treasurer at the time of the transaction.

PROPERTY CONTROL.

(A) 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, model, serial number, and other information that assists control or deemed relevant.

(B) Assets below the capitalization 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. Stewardship of these minor but sensitive items is the responsibility of the departments utilizing these properties.

(C) The Clerk-Treasurer shall determine appropriate means, level of detailed data elements, and the system to be utilized. Finally, the Clerk-Treasurer 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 adherence to policy.