

SPEEDWAY TOWN COUNCIL
RESOLUTION 2021-08
A RESOLUTION ADOPTING A CAPITAL ASSET POLICY

PURPOSE

The purpose of this policy is to facilitate the preparation of financial statements in conformity with the State Board of Accounts Accounting and Uniform Compliance Guidelines Manual for Cities and Towns.

CLASSIFICATION OF ASSETS

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

- I. Land
- II. General Infrastructure (Roads, Bridges, and Right-of-Ways)
- III. Building and Building Improvements
- IV. Improvements Other than Buildings (Fences, Retaining Walls, Sidewalks)
- V. Equipment (Computers, Desks, Cabinets)
- VI. Construction Work 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.

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 will increase 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 or expand the service potential of the asset.

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

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 engineering and other 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.

ESTIMATED USEFUL LIVES OF DEPRECIABLE ASSETS

Capital assets have estimated useful lives extending beyond a single reporting period (one year). Asset depreciation will be calculated and tracked according to the below guidelines, but only if the Town is required to track, calculate, or report asset depreciation:

Land and Construction Work in Progress	Non-Depreciable
Buildings	50 Years
Building Components (HVAC, roofing)	20 Years
Land Improvements (parking lots, landscaping)	20 Years
Grounds Equipment (mowers and tractors)	15 Years
Machinery and Heavy Equipment	10 Years
Vehicles	
Heavy Trucks	10 Years
Light Trucks	8 Years
Automobiles	5 Years
General Infrastructure	
Roads and Sidewalks	50 Years
Outdoor Lighting	20 Years
IT Equipment	3 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.

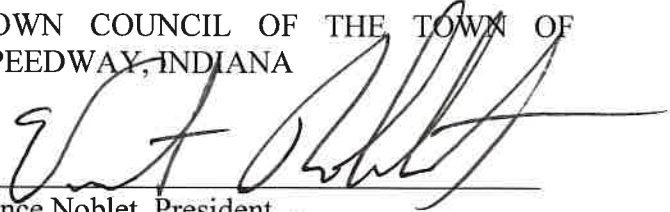
RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

The Town of Speedway Clerk-Treasurer will ensure that reporting for capital assets is being exercised by establishing a capital asset inventory. 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.

For annual updating of the capital asset report, the departments have the responsibility to report improvements, additions, retirements, and transfers in detail to the Town of Speedway Clerk-Treasurer.

DULY PASSED AND ADOPTED this 20th day of December 2021, by the Town Council of the Town of Speedway, Marion County, Indiana, having been passed by a vote of 3 in favor and 0 opposed.

TOWN COUNCIL OF THE TOWN OF
SPEEDWAY, INDIANA


Vince Noblet, President

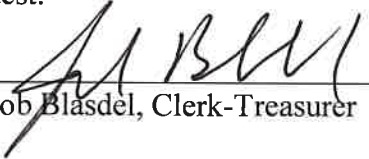

Gary L. Raikes, Vice President

Absent
David Lindsey, Member

Absent
Eileen Fisher, Member


Gary Pedigo, Member

Attest:


Jacob Blasdel, Clerk-Treasurer