

State Board of Accounts

*Monthly Meeting
with Cities and Towns
July 2021*



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Updates

- ARPA Revenue Calculation Video
- ARPA Interest
- US Treasury Webinars
 - <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>
- SBOA Capital Asset Video
- Upcoming SBOA Training Dates
 - August 27 ILMCT Fall District Meeting
 - September 22 Monthly Meeting
 - October 5-7 AIM Ideas Summit
 - November 8 ILMCT Annual Meeting
 - December 15 Monthly Meeting

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Capital Assets and Accumulated Depreciation

Monthly Meeting with Cities and Towns
July 2021

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Definition of Capital Asset

- GASB Statement 34 paragraph 19
 - *The term capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.*



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Audit Position

- Guidance from Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns:
 - *Every unit must have a capital asset policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records.*



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Current Requirements

- Capitalization Policy with Threshold
 - Threshold for all assets or groups of assets
 - Estimated Useful Life
 - Depreciation Method
- Current inventory of capital assets
 - Detail listing of capitalized items
 - Inventory of non-capitalized assets
- Two-year inventory or other control over accuracy of inventory
 - Additions and deletions



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CAPITAL ASSETS LEDGER

General Form No. 369 (Rev. 2019)

FUND _____

DEPARTMENT OR BUILDING _____


Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Fixed Asset	Amount Received on Disposal or Trade in	Types of Capital Assets					Books and Other	Total Fixed Assets
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles		
1														
2														
3														
4														
5														
6														
7														
8														
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Land

- Land is often closely associated with another asset
 - Land under a building
 - Land purchased for a road
- Land should always be classified separately and not part of the cost of the other asset
- Records must include a description, amount of acreage (if relevant), acquisition date and purchase price.
- Land is assumed to have an indefinite life and is not depreciated
- Usually, all land is capitalized.



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Infrastructure

- Physical systems of government: Examples include streets & alleys, bridges, storm water and drainage, communication networks, water and sewer systems, parking lots, lighting systems, and dams
- Relative longer useful lives
- Non moveable
- LTAP, street department personnel, a city/town manager, or council member would have information to provide best estimate of useful lives



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Buildings

- Permanent Structures
- A capital asset account for buildings must reflect the location or each building and the purchase price or construction cost of improvements, if applicable. If a building is acquired by gift, record the appraised value at the time of acquisition.
- City/Town halls, street department garages, and park community centers.
- Useful life often long – maybe even 50 years – estimate based on use, maintenance, & quality.



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Improvements Other than Buildings

- Improvements to land other than buildings that add value to the land but do not have an indefinite life.
- Examples include fences, retaining walls, sidewalks, parking lots and most landscaping
- Useful life will depend on the improvement and can depend on the material used and environment



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Equipment

- Machinery, trucks, cars, street & road equipment, computer servers, safes, furnishings, desks, cabinets and other office equipment.
- Small but sensitive items. Track but don't capitalize.
- GASB recommended practice is that the capitalization threshold should be at least \$5,000.
- Can have different thresholds for different equipment
- Separately account for equipment purchased with federal dollars and be aware of Federal requirement.
- Useful life by category of equipment. Often 5 to 10 years



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Books and Other

- Books
 - New category of Annual Financial Report
 - Collections valued as a whole, will be exhausted through general use
 - Most common will be libraries / municipalities may have historical books
- Other Collections with Indefinite Life
 - Museums and historical collections
 - Art Collections
 - If the purpose of the collection is display or research, the collection is being adequately maintained and the proceeds from the sale of collection items must be applied to acquiring new items – no depreciation.



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Construction Work in Progress

- This category allows for the collection of costs in the construction of a capital asset such as new building or road.
- When the project is completed, it is moved from Construction Work In Progress to the applicable capital asset category such as building or infrastructure.
- Category is not depreciated – once placed in service depreciation will start.



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How is a Capital Asset Valued?

- Historical Cost
 - Claim for purchase
 - Contract for construction costs
 - Board minutes or other historical documents
- Estimating Historical Cost
 - Current cost of asset
 - Consumer Price Index calculation
 - Basis for estimate and documentation of basis
 - Table in *Cities and Towns Bulletin*



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ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

If the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$5,320.00.

$$\$76,000.00 \times .07 = \$5,320.00$$

TABLE OF COST INDEXES
1922 to 2017

Year	Index	Year	Index	Year	Index	Year	Index
2017	1.00	1993	.59	1969	.15	1945	.07
2016	.98	1992	.57	1968	.14	1944	.07
2015	.97	1991	.56	1967	.14	1943	.07
2014	.97	1990	.53	1966	.13	1942	.07
2013	.95	1989	.51	1965	.13	1941	.06
2012	.94	1988	.48	1964	.13	1940	.06
2011	.92	1987	.46	1963	.12	1939	.06
2010	.89	1986	.45	1962	.12	1938	.06
2009	.88	1985	.44	1961	.12	1937	.06



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Determining the useful life

- Capitalization policy
- City or town experience with similar assets
- Other city or town useful lives determinations
- Estimate and documentation for basis
- Update as needed based on actual experience



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Depreciation

- Allocates the deferred cost (capitalized amount) to the future accounting periods. This is based on the value of the asset (historical cost) over the useful life of the asset.
- Example: Truck purchased for \$50,000 and estimated life is 5 years with no salvage value using straight line method
 - Capitalize at \$50,000
 - Deprecation: $\$ 50,000 / 5 \text{ years}$ is \$10,000 per year.



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Accumulated Depreciation

- Total Depreciation used for each asset.
- For Enhanced Regulatory reporting you will not report depreciation expense
- Truck Example of \$50,000 acquisition cost and \$10,000 depreciation
 - Accumulated Depreciation:
 - Year 1 \$10,000
 - Year 2 \$20,000
 - Year 3 \$30,000
 - Year 4 \$40,000
 - Year 5 \$50,000

Fully depreciated



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Accumulated Depreciation Schedule

- Schedule is a summary of accumulated depreciation by category for all assets in capital asset schedule that are being depreciated.
- Beginning balance would tie to ending balance of prior year
- Additions represent the depreciation expense allocated for that year.
- Reductions represent that the capital asset was disposed of and the accumulated depreciation is removed for that asset from the schedule.
- Ending balance is the accumulated depreciation at year end for the capital asset schedule



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Additions to Capital Assets

- Additions
 - Procedures in place to gather and report capital asset purchases from current claims:
 - Capital Outlay Classification
 - Flagged by software – generates reports
 - Segregate Claims
 - Capital Asset Addition forms
 - Internal controls in place to ensure procedures are followed



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Reductions to Capital Assets

- Deletions
 - Procedures in place to gather and report deletions
 - Trade – ins (capital asset addition forms)
 - Sale of assets (Capital asset disposal forms)
 - Salvage (Board Minutes)
 - Inventories
 - Internal Controls in place to ensure procedures are followed.



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Book Value

- Asset value less accumulated depreciation
- Truck Example Year 2 \$50,000 less \$20,000 = \$30,000 Book value
- Schedule shows summary for each classification and not individual assets but does show within a classification how “old” the assets are and gives some idea of when replacement costs may be needed.



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Physical Inventories

- If, the capital asset records are not complete, a physical inventory of assets above the threshold may be needed-specifically for equipment and vehicles.
- Once every two years have the departments do a physical inventory of equipment in their department- especially important for disposals that may not have been reported.
- Inventory small items that may be at higher risk of misappropriation such as laptops, cell phones, tablets, tools for example. Keep those inventories up to date.



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Capital Asset Example

- Completing the Capital Asset Ledger
- Calculating Depreciation and Accumulated Depreciation
- New AFR Reporting Requirements
- Draft Note for Capital Assets

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Capital Asset Ledger for 2020-2021

Town of Toddville

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade In		Types of Capital Assets							Total Fixed Assets		
							Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery & Vehicles	Construction in Progress	Books and Other					
1/1/1964	Town Hall		1 Main Street	400,000	80 years					400,000							400,000	
1/1/1964	Town Hall Land		1 Main Street	100,000				100,000									100,000	
7/1/2000	Fence		Park	5,000	10 years						5,000						5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021							25,000				25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years								40,000				40,000	
7/1/2019	Main Street			2,500,000	25 years				2,500,000								2,500,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years								50,000				50,000	
started 2020 Pole Barn Project														40,000			40,000	
12/31/2020 Ending Balance								100,000	2,500,000	400,000	5,000	115,000	40,000	-			3,160,000	
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years							15,000					15,000	
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years								70,000				70,000	
8/1/2021	Pole Barn (moved CIP)		Park	40,000	50 years					40,000				moved 40,000			40,000	
8/1/2021	Pole Barn (add'l cost)		Park	10,000						10,000							10,000	
12/31/2021 Additions								-	-	50,000	15,000	70,000	-	-			135,000	
12/31/2021 Deletions												25,000		40,000				65,000
12/31/2021 Ending Balance								100,000	2,500,000	450,000	20,000	160,000	-	-			3,230,000	



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Capital Asset Ledger - 2020

Town of Toddville

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Amount		Types of Capital Assets							Total Fixed Assets	
							Received on Disposal or Trade In	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery & Vehicles	Construction in Progress	Books and Other			
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1/1/1964	Town Hall Land		1 Main Street	100,000				100,000									100,000
7/1/2000	Fence		Park	5,000	10 years							5,000					5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021							25,000				25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years							40,000					40,000
7/1/2019	Main Street			2,500,000	25 years				2,500,000								2,500,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years							50,000					50,000
started 2020			Pole Barn Project											40,000			40,000
12/31/2020 Ending Balance								100,000	2,500,000	400,000	5,000	115,000	40,000	-			3,160,000



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Capital Asset Ledger - 2020

Town of Toddville

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Amount		Types of Capital Assets							Total Fixed Assets	
							Received on Disposal or Trade In	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery & Vehicles	Construction in Progress	Books and Other			
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1/1/1964	Town Hall Land		1 Main Street	100,000				100,000									100,000
7/1/2000	Fence		Park	5,000	10 years							5,000					5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years								25,000				25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years							40,000					40,000
7/1/2019	Main Street			2,500,000	25 years				2,500,000								2,500,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years							50,000					50,000
started 2020			Pole Barn Project											40,000			40,000
12/31/2020 Ending Balance								100,000	2,500,000	400,000	5,000	115,000	40,000	-			3,160,000



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Capital Asset Ledger - 2020

Town of Toddville

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1/1/1964	Town Hall Land		1 Main Street	100,000			100,000										100,000	
7/1/2000	Fence		Park	5,000	10 years						5,000						5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years							25,000					25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years							40,000					40,000	
7/1/2019	Main Street			2,500,000	25 years			2,500,000									2,500,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years							50,000					50,000	
started 2020 Pole Barn Project													40,000					40,000
12/31/2020 Ending Balance								100,000	2,500,000	400,000	5,000	115,000	40,000	-	3,160,000			

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Capital Asset Ledger - 2020

Town of Toddville

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7/1/2000	Fence		Park	5,000	10 years					5,000							5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years						25,000						25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years						40,000						40,000	
7/1/2019	Main Street			2,500,000	25 years			2,500,000									2,500,000	
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started 2020 Pole Barn Project													40,000					40,000
12/31/2020 Ending Balance								100,000	2,500,000	400,000	5,000	115,000	40,000	-	3,160,000			

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Capital Asset Ledger - 2021

Town of Toddville

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6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021							25,000				25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years								40,000				40,000
7/1/2019	Main Street			2,500,000	25 years				2,500,000								2,500,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years								50,000				50,000
started 2020 Pole Barn Project															40,000		40,000
12/31/2020 Ending Balance									100,000	2,500,000	400,000	5,000	115,000	40,000	-	-	3,160,000
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years							15,000					15,000
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years								70,000				70,000
8/1/2021	Pole Barn (moved CIP)		Park	40,000	50 years						40,000				moved 40,000		40,000
8/1/2021	Pole Barn (add'l cost)		Park	10,000							10,000						10,000
12/31/2021 Additions									-	-	50,000	15,000	70,000	-	-	-	135,000
12/31/2021 Deletions													25,000	40,000			65,000
12/31/2021 Ending Balance									100,000	2,500,000	450,000	20,000	160,000	-	-	-	3,230,000

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Capital Asset Ledger - 2021

Town of Toddville

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Capital Asset Ledger - 2021

Town of Toddville

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12/31/2021 Deletions												25,000	40,000				65,000	
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Capital Asset Ledger - 2021

Town of Toddville

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6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021							25,000				25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years								40,000				40,000
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5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years								50,000				50,000
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8/1/2021	Pole Barn (moved CIP)		Park	40,000	50 years						40,000				moved 40,000		40,000
8/1/2021	Pole Barn (add'l cost)		Park	10,000							10,000						10,000
12/31/2021 Additions								-	-	50,000	15,000	70,000	-	-	-	-	135,000
12/31/2021 Deletions												25,000	40,000				65,000
12/31/2021 Ending Balance								100,000	2,500,000	450,000	20,000	160,000	-	-	-	-	3,230,000

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Accumulated Depreciation – December 31, 2020

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2020										Accumulated Depreciation(c)					Total	
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	57			285,000					285,000
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					25,000			25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	5					20,000			20,000
7/1/2019	Main Street			2,500,000	25 years		100,000	2	200,000							200,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	1					5,000			5,000
Pole Barn Project																-
12/31/2020 Ending Balance										200,000	285,000	5,000	50,000			540,000

(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
 (b) For this exercise, calculated a full year of depreciation in year of purchase
 (c) Accumulated Depreciation = Yearly Depreciation x Years in Service



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Accumulated Depreciation – December 31, 2020

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2020										Accumulated Depreciation(c)					Total	
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	57			285,000					285,000
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					25,000			25,000
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	5					20,000			20,000
7/1/2019	Main Street			2,500,000	25 years		100,000	2	200,000							200,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	1					5,000			5,000
Pole Barn Project																-
12/31/2020 Ending Balance										200,000	285,000	5,000	50,000			540,000

(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
 (b) For this exercise, calculated a full year of depreciation in year of purchase
 (c) Accumulated Depreciation = Yearly Depreciation x Years in Service

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Accumulated Depreciation – December 31, 2020

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2020

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Accumulated Depreciation(c)					Total Accumulated Depreciation			
									Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles		Construction in Progress	Books and Other	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	57			285,000					285,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					25,000			25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	5					20,000			20,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	2		200,000						200,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	1					5,000			5,000	
Pole Barn Project																-	
12/31/2020 Ending Balance										200,000	285,000	5,000	50,000				540,000

- (a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
- (b) For this exercise, calculated a full year of depreciation in year of purchase
- (c) Accumulated Depreciation = Yearly Depreciation x Years in Service

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Accumulated Depreciation – December 31, 2020

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2020

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Accumulated Depreciation(c)					Total Accumulated Depreciation			
									Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles		Construction in Progress	Books and Other	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	57			285,000					285,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					25,000			25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	5					20,000			20,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	2		200,000						200,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	1					5,000			5,000	
Pole Barn Project																-	
12/31/2020 Ending Balance										200,000	285,000	5,000	50,000				540,000

- (a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
- (b) For this exercise, calculated a full year of depreciation in year of purchase
- (c) Accumulated Depreciation = Yearly Depreciation x Years in Service

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Accumulated Depreciation – December 31, 2020

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2020										Accumulated Depreciation(c)					Total		
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Accumulated Depreciation	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	57			285,000					285,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					25,000			25,000	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	5					20,000			20,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	2	200,000							200,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	1					5,000			5,000	
Pole Barn Project																	
12/31/2020 Ending Balance										200,000	285,000	5,000	50,000				540,000

- (a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
- (b) For this exercise, calculated a full year of depreciation in year of purchase
- (c) Accumulated Depreciation = Yearly Depreciation x Years in Service



Indiana State Board of Accounts

Accumulated Depreciation – December 31, 2021

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2021										Accumulated Depreciation(c)					Total		
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Accumulated Depreciation	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					-			-	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	3	300,000							300,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000	
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500	
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000	
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000	
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000				637,500

- (a) Yearly Depreciation = Cost of Asset / Estimated Useful Life
- (b) For this exercise, calculated a full year of depreciation in year of purchase
- (c) Accumulated Depreciation = Yearly Depreciation x Years in Service

Accumulated Depreciation – December 31, 2021

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2021																
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10								-
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000
7/1/2019	Main Street			2,500,000	25 years		100,000	3		300,000						300,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	-	637,500
(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life																
(b) For this exercise, calculated a full year of depreciation in year of purchase																
(c) Accumulated Depreciation = Yearly Depreciation x Years in Service																

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Accumulated Depreciation – December 31, 2021

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2021																
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10								-
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000
7/1/2019	Main Street			2,500,000	25 years		100,000	3		300,000						300,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	-	637,500
(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life																
(b) For this exercise, calculated a full year of depreciation in year of purchase																
(c) Accumulated Depreciation = Yearly Depreciation x Years in Service																

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Accumulated Depreciation – December 31, 2021

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2021																	
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Accumulated Depreciation	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					-			-	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	3		300,000						300,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000	
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500	
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000	
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000	
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	-	637,500	
(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life																	
(b) For this exercise, calculated a full year of depreciation in year of purchase																	
(c) Accumulated Depreciation = Yearly Depreciation x Years in Service																	

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Accumulated Depreciation – December 31, 2021

Town of Toddville

Calculation of Accumulated Depreciation for December 31, 2021																	
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Accumulated Depreciation	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000	
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000	
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					-			-	
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000	
7/1/2019	Main Street			2,500,000	25 years		100,000	3		300,000						300,000	
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000	
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500	
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000	
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000	
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	-	637,500	
(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life																	
(b) For this exercise, calculated a full year of depreciation in year of purchase																	
(c) Accumulated Depreciation = Yearly Depreciation x Years in Service																	

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Accumulated Depreciation Additions & Reductions in 2021

Town of Toddville

Depreciation Activity by Asset															
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			5,000				
7/1/2000	Fence		Park	5,000	10 years		500	>10							
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					(25,000)		
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					4,000		
7/1/2019	Main Street			2,500,000	25 years		100,000	3	100,000						
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					5,000		
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500			
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000		
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1		1,000					
Beginning Balance 1/1/2021										200,000	285,000	5,000	50,000	-	540,000
12/31/2021 Additions										100,000	6,000	500	16,000	-	122,500
12/31/2021 Deletions													(25,000)	(25,000)	
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	637,500

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Accumulated Depreciation Additions & Reductions in 2021

Town of Toddville

Depreciation Activity by Asset															
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			5,000				
7/1/2000	Fence		Park	5,000	10 years		500	>10							
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					(25,000)		
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					4,000		
7/1/2019	Main Street			2,500,000	25 years		100,000	3	100,000						
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					5,000		
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500			
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000		
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1		1,000					
Beginning Balance 1/1/2021										200,000	285,000	5,000	50,000	-	540,000
12/31/2021 Additions										100,000	6,000	500	16,000	-	122,500
12/31/2021 Deletions													(25,000)	(25,000)	
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	637,500

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Accumulated Depreciation Additions & Reductions in 2021

Town of Toddville

Depreciation Activity by Asset															
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			5,000				
7/1/2000	Fence		Park	5,000	10 years		500	>10							
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					(25,000)		
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					4,000		
7/1/2019	Main Street			2,500,000	25 years		100,000	3	100,000						
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					5,000		
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500			
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000		
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1		1,000					
Beginning Balance 1/1/2021										200,000	285,000	5,000	50,000	-	540,000
12/31/2021 Additions										100,000	6,000	500	16,000	-	122,500
12/31/2021 Deletions													(25,000)	-	(25,000)
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	637,500

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Accumulated Depreciation Additions & Reductions in 2021

Town of Toddville

Depreciation Activity by Asset															
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			5,000				
7/1/2000	Fence		Park	5,000	10 years		500	>10							
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					(25,000)		
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					4,000		
7/1/2019	Main Street			2,500,000	25 years		100,000	3	100,000						
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					5,000		
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500			
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000		
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1		1,000					
Beginning Balance 1/1/2021										200,000	285,000	5,000	50,000	-	540,000
12/31/2021 Additions										100,000	6,000	500	16,000	-	122,500
12/31/2021 Deletions													(25,000)	-	(25,000)
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000	-	637,500

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Depreciation Example for Town of Toddville - 2021

Calculation of Accumulated Depreciation for December 31, 2021																
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			290,000					290,000
7/1/2000	Fence		Park	5,000	10 years		500	>10				5,000				5,000
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					-			-
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					24,000			24,000
7/1/2019	Main Street			2,500,000	25 years		100,000	3	300,000							300,000
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					10,000			10,000
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				500
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			7,000
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					1,000
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000			637,500
(a) Yearly Depreciation = Cost of Asset / Estimated Useful Life																
(b) For this exercise, calculated a full year of depreciation in year of purchase																
(c) Accumulated Depreciation = Yearly Depreciation x Years in Service																
Depreciation Activity by Asset																
Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Asset	Yearly Depreciation(a)	Years in service(b)	Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Books and Other	Total Accumulated Depreciation	
1/1/1964	Town Hall		1 Main Street	400,000	80 years		5,000	58			5,000					
7/1/2000	Fence		Park	5,000	10 years		500	>10								
6/1/2010	Ford Pick up	#1	Fleet Vehicle	25,000	10 years	11/20/2021	2,500	>10					(25,000)			
11/1/2016	Chevy Pickup	#2	Fleet Vehicle	40,000	10 years		4,000	6					4,000			
7/1/2019	Main Street			2,500,000	25 years		100,000	3	100,000							
5/1/2020	Dodge Pickup	#3	Fleet Vehicle	50,000	10 years		5,000	2					5,000			
6/1/2021	Town Hall Parking Lot		1 Main Street	15,000	30 years		500	1				500				
7/1/2021	GM Pickup	#4	Fleet Vehicle	70,000	10 years		7,000	1					7,000			
8/1/2021	Pole Barn		Park	50,000	50 years		1,000	1			1,000					
Beginning Balance 1/1/2021										200,000	285,000	5,000	50,000			540,000
12/31/2021 Additions										100,000	6,000		500	16,000		122,500
12/31/2021 Deletions														(25,000)		(25,000)
12/31/2021 Ending Balance										300,000	291,000	5,500	41,000			637,500

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New AFR Reporting Requirements

Governmental Activities-Non-Depreciable Assets				
Asset Category	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Land	\$100,000.00	\$1,000.00	\$0.00	\$101,000.00
Construction in progress	\$40,000.00	\$0.00	\$40,000.00	\$0.00
Other Non-Depreciable Assets	\$0.00	\$4,800.00	\$0.00	\$4,800.00
Governmental Activities-Depreciable Assets				
Asset Category	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Infrastructure	\$2,500,000.00	\$0.00	\$0.00	\$2,500,000.00
Buildings	\$400,000.00	\$50,000.00	\$0.00	\$450,000.00
Improvements Other than Buildings	\$5,000.00	\$15,000.00	\$0.00	\$20,000.00
Machinery, Equipment, Vehicles	\$115,000.00	\$70,000.00	\$25,000.00	\$160,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00
Governmental Activities-Accumulated Depreciation				
Asset Category	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Infrastructure	\$200,000.00	\$100,000.00	\$0.00	\$300,000.00
Buildings	\$285,000.00	\$6,000.00	\$0.00	\$291,000.00
Improvements other than Buildings	\$5,000.00	\$500.00	\$0.00	\$5,500.00
Machinery, Equipment, and Vehicles	\$50,000.00	\$16,000.00	\$25,000.00	\$41,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00



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Capital Asset Note (draft)

Note X. Capital Assets (draft)				
	Beginning Balance	Additions	Reductions	Ending Balance
General Government Assets	1-Jan-21			1-Jan-21
Capital assets not being depreciated				
Land	100,000			100,000
Construction in Progress	40,000		40,000	-
Total capital assets not being depreciated	140,000	-	40,000	100,000
Capital assets being depreciated				
Infrastructure	2,500,000			2,500,000
Buildings	400,000	50,000		450,000
Improvements other than buildings	5,000	15,000		20,000
Machinery, Equipment and Vehicles	115,000	70,000	25,000	160,000
Total capital assets being depreciated	3,020,000	135,000	25,000	3,130,000
Less: Accumulated depreciation				
Infrastructure	200,000	100,000		300,000
Buildings	285,000	6,000		291,000
Improvements other than buildings	5,000	500		5,500
Machinery, Equipment and Vehicles	50,000	16,000	25,000	41,000
Total Accumulated Depreciation	540,000	122,500	25,000	637,500
Net Capital Assets being depreciated	2,480,000	12,500	-	2,492,500



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Todd Caldwell and Susan Gordon

Cities.towns@sboa.in.gov

317-232-2512

www.in.gov/sboa



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