

RESOLUTION NO. 2025- 1

**A RESOLUTION ESTABLISHING THE CREATION OF A CAPITAL ASSETS POLICY
FOR THE TOWN OF REDKEY, INDIANA**

WHEREAS, the Town Council wishes to help facilitate the preparation of financial statements in conformity with generally accepted accounting principles,

WHEREAS, the Town Council desires to adopt a Capital Assets Policy for use within the Town of Redkey to assist with these efforts,

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF REDKEY that the following become practiced within the Town of Redkey upon passage of the resolution for the calendar year of 2025, and every year thereafter until amended or dissolved.

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:

- I. Land
- II. Infrastructure
- III. Buildings
- IV. Improvements to Land
- V. Equipment and Machinery
- VI. Historical Collections and Other
- VII. Construction Work in Progress

CAPITALIZATION THRESHOLDS

To be considered a capital asset for financial reporting records, an item must be at or above the capitalization threshold and have a unit historical cost of \$5,000 or more. Assets will remain part of the property record until they are retired or are disposed of, sold, traded in, etc. regardless of net book value amount.

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

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|--------------------------------------|---------|
| I. Land | N/A |
| II. Infrastructure | \$5,000 |
| III. Buildings | \$5,000 |
| IV. Improvements to Land | \$5,000 |
| V. Equipment and Machinery | \$5,000 |
| VI. Historical Collections and Other | \$5,000 |
| VII. Construction Work in Progress | N/A |

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.

HISTORICAL COST OR ESTIMATED HISTORICAL COSTS

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.

RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

The Street Superintendent, Utilities Superintendent, Parks Superintendent, Town Marshal, Fire Chief and Clerk-Treasurer shall provide a current inventory list of all Redkey capital assets to the Clerk-Treasurer annually by December 31st of each year. The Clerk-Treasurer will ensure that reporting for capital assets is being exercised by establishing a Master Capital Asset Inventory, both initially and periodically in subsequent years. The Clerk-Treasurer will further ensure that the capital assets report will be updated annually to reflect all improvements, additions, retirements, and transfers to reflect the new, annual capital asset balance for financial reporting purposes and said deadlines.

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:

I.	Land	Non-Depreciable
II.	General Infrastructure	
	a. Bridges	75 Years
	b. Outdoor Lighting	10 Years
	c. Roads	50 Years
	d. Sewer Lines	20-100 Years
	e. Software	5 Years
III.	Buildings	50 Years
IV.	Improvements to Land	
	a. Fences	15-20 Years
	b. Landscaping	15 Years
	c. Parking Lots	15 Years
	d. Sidewalks	40-80 Years
V.	Equipment and Machinery	
	a. Cars	5 Years

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|------|-------------------------------|---|
| b. | Computer Hardware | 5 Years |
| c. | Construction Equipment | 15 Years |
| d. | Light Trucks | 8 Years |
| e. | Heavy Trucks | 15 Years |
| f. | Office Equipment | 5 Years |
| VI. | Historical Collects and Other | |
| a. | Art Collections | Indefinite |
| b. | Historical Collections | Indefinite |
| c. | Museums | Indefinite |
| VII. | Construction Work in Progress | Not Depreciated until Placed in Service |

DEPRECIATION METHOD/CONVENTION

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.

The asset's 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 to the historical cost, accumulated depreciation, and net book value amounts.

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.

ADDITIONS TO CAPITAL ASSETS

There are several procedures in place to gather and report capital asset purchases from current claims:

- A. Capital Outlay Classification
- B. Flagged by Software – generates reports
- C. Segregate Claims
- D. Capital Asset Addition Forms

REDUCTIONS TO CAPITAL ASSETS

There are several procedures in place to gather and report deletions:

- A. Trade-Ins (Capital asset addition forms)
- B. Sale of Assets (Capital asset disposal forms)
- C. Salvage (Board Minutes)
- D. Inventories

RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

The Jay County Auditor will ensure that reporting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Jay County Auditor will further ensure that the capital asset report will be updated annually to reflect the new annual capital asset balance for financial reporting purposes and the annual and accumulated depreciation calculations and net book value amounts.

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, the responsible department must do a physical inventory of their equipment in their department, which is especially important for disposals that may not have been reported.

Day-to-day stewardship of the personal property above the capitalization threshold of \$5,000 is the expressed responsibility of the department utilizing the property.

For annual updating of the capital asset report, the departments have the responsibility to report improvements, additions, retirements, and transfers in detail to the Jay County Auditor. It is expected that this reporting will be done in a timely manner, as the capital asset record must be updated annually.

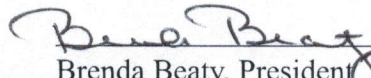
PROPERTY CONTROL

Capital assets below the capitalization threshold of \$5,000 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, mode, serial number, and other information that assists control or deemed relevant.

The assets below the capitalized 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.

The Jay County Auditor shall determine appropriate means, level of detailed data elements, and the system to be utilized. Additionally, the Jay County Auditor 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 adhere to policy.

RESOLVED AND ADOPTED the 27 day of May, 2025.


Brenda Beaty, President

ATTEST:


Gloria May, Clerk-Treasurer