

**RESOLUTION 2020-3**  
**Adopting a Capital Assets Policy**  
**for the Town of Westport, Indiana**

**BE IT RESOLVED**, that the Town Council of Westport, Indiana as governing body for the town adopts the following policy:

TOWN OF WESTPORT CAPITAL ASSETS POLICY

**PURPOSE:**

- To establish guidelines for the Town of Westport, Indiana's (hereinafter referred to as Town) Capital Assets.
- To enable the Town to meet the required Governmental Accounting Standards Board (GASB) Statement 34 method of financial reporting.
- To demonstrate appropriate responsibility for public assets.
- To establish policy and procedures for the acquisition, inventory, transfer and disposition of assets for the Town.

**General Information/Definitions:**

- A Capital Asset for policy purpose is defined as: an asset with a value at purchase or donation of at least \$5,000; is used in operations; and, has a useful life of more than two years. Capital Assets may be either intangible (e.g., permanent easements, water rights) or tangible (e.g., land, buildings, building improvements, vehicles, machinery and equipment and infrastructure).
- Inventory items are those items valued at less than \$5,000 and recorded for tracking purposes only. These items are not capitalized. However, they may have a useful life of more than two years.

**Inventory:**

- Detailed records shall be maintained at the discretion of the Clerk-Treasurer and Department Heads for items below the capitalization thresholds that should be safeguarded from loss. These items will be part of the physical inventory done once each year. These items include but are not limited to fire arms, furniture and computer equipment that fall below the established thresholds.
- Items of less than \$5,000 are not considered to be a capital asset unless they form an integral and essential part of another piece of equipment or structure considered to be a capital asset or a part of a Capital project.

**Capitalized Assets**

- Capital assets are reported in the Town's Financial Statements. Capital assets accounted for in this manner include land, land improvements, buildings, equipment, and infrastructure (e.g., streets, sewers, storm drains, and similar items). All capital Assets meeting this criterion shall be reported in the Town financial statements.

- Improvements and rehabilitation of buildings are to be capitalized only if they extend the useful life of the building. Improvements and rehabilitation of buildings not extending the useful life of the building are considered maintenance expenses, and will not be capitalized.
- The prescribed capitalization levels for governmental activities are:
  - \*All land acquired by the Town
  - \*All new construction and rehabilitation of Town building of \$5,000 or greater
  - \*Equipment and vehicles of \$5,000 or greater.
- The prescribed capitalization levels for business-type activities are as follows:
 

*All land	\$5,000
*Buildings, furniture and vehicles	\$5,000

#### Infrastructure

- GASB 34 requires all infrastructure assets acquired on or after January 1, 2004 to be capitalized.
- Capital Projects will be recorded at the time the project is completed and accepted in it's entirety.
- Infrastructure will be retired on a FIFO basis.
- Contributed items will be recorded at replacement cost in the year they are acquired including all water, wastewater, storm water, street etc. within subdivisions or annexed areas.)

#### Capital Asset Value

- All capital assets will be recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets will be recorded, at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.
- Donated capital assets are recorded at estimated fair market value at the date of donation.
- The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized.

#### Purchasing of Assets

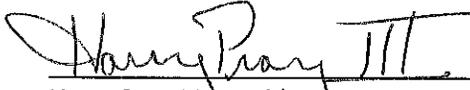
- Assets are purchased by the Town in accordance with normal purchasing procedures.
- When purchasing a new asset, the cost is the amount paid for the asset and the cost of freight. It also includes any expense incurred to place the asset in it's intended state of operation, such as labor to install.
- If it is a donated asset, the cost is defined as the fair market value on the date donated.

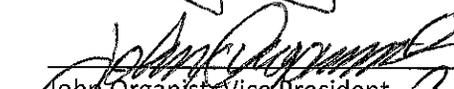
#### Responsibility of Department Heads

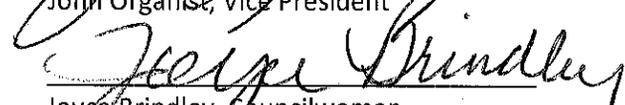
- It is the responsibility of the Clerk-Treasurer to maintain capital asset records, and ensure proper reporting on the Towns financial statements.
- It is important for the maintenance of accurate records that each asset category (land, buildings, equipment, infrastructure, etc.) be understood by all persons responsible for asset records maintenance.

- It is the responsibility of the Department Head to act as or designate a contact person for assets. The person will become the focal point for questions regarding availability, condition and usage of the asset, as well as the contact during the physical inventory process.
- It is the responsibility of the Department Head to maintain adequate control over all Town resources in their department, including capital assets and inventory, to minimize the risk of loss or misuse.

Adopted this 25<sup>th</sup> day of March, 2020.

  
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Harry Pray III, President

  
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John Organist, Vice President

  
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Joyce Brindley, Councilwoman