

TOWN OF GREENVILLE
ORDINANCE NO. 2024-TO-017

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF GREENVILLE,
INDIANA ESTABLISHING A CAPITAL ASSET POLICY**

WHEREAS, the Town Council of the Town of Greenville, Indiana desires to establish a Capital Asset Policy for the Town of Greenville, Indiana and its utilities as required by the State Board of Accounts; and

WHEREAS, the Town Council remains committed to ensuring compliance with various accounting and financial standards, including Generally Accepted Accounting Principles (GAAP), Governmental Accounting, Auditing and Financial Reporting (GAAFR), and the Governmental Accounting Standards Board (GASB) and to meet any applicable State and Federal capital assets regulatory reporting requirements;

NOW THEREFORE BE IT ORDAINED, by the Town Council of the Town of Greenville, Indiana as follows:

CAPITAL ASSET POLICY

I. General Information

(A) The capital asset policy is being issued effective November 11, 2024. This policy is being issued to document the minimum value of capital assets to be reported on financial reports and to include infrastructure assets. This issuance of a policy document is related to the implementation of a new reporting model, Governmental Accounting Standards Board Statement 34. The capital asset threshold will be \$5,000. An asset with a value under \$5,000 will be expensed in the year of purchase. The infrastructure portion of this policy is also effective November 11, 2024.

(B) The Town has established a capital asset policy in order to provide a higher degree of control over its considerable investment in capital assets and to be able to demonstrate accountability to its various constituencies.

- (C) The purpose of establishing a capital policy is five-fold:
- (1) To safeguard the investments of the citizens of the city;
 - (2) To fix responsibility for the custody of equipment;
 - (3) To provide a basis for formulating capital asset acquisition, maintenance, and retirement policies;
 - (4) To provide data for financial reporting; and
 - (5) To demonstrate appropriate stewardship responsibility for public assets.

(D) This policy will only serve to classify capital assets, including fixed and infrastructure, for accuracy in financial reporting through the Indiana State Board of Accounts. It does not include data processing, programming requirements, or computer operations procedures.

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II. Definition of Capital Assets

- (A) **CAPITAL ASSETS** include land and land improvements—including monuments, buildings, building improvements, construction in progress, machinery and equipment, vehicles, and infrastructure. All items with a useful life of more than one year and having a unit cost of \$5,000 or more shall be capitalized (including acquisitions by lease-purchase agreements and donated items). A capital asset meeting the criteria will be reported in the government-wide financial statements.\
- (B) Assets that are not capitalized (items under \$5,000) are expensed in the year of acquisition. An inventory will be kept on all computers and other equipment with a capitalized cost of under \$5,000.
- (C) Exceptions are:
- (1) Items costing less than the above limits which are permanently installed as a part of the cost of original construction or installation of a larger building or equipment unit will be included in the cost of the larger unit.
 - (2) Modular equipment added subsequent to original equipment construction of a larger building or equipment unit which may be put together to form larger units costing more than the prescribed limits will be charged to capital assets even though the cost of individual items is less than such units.
 - (3) Cabinets, shelving, bookcases, and similar items, added subsequent to original construction, which are custom made for a specific place and adaptable elsewhere, will be capitalized.
- (D) Note: purchases made using grant funds must comply with grant requirements of the above procedures, whichever are the most restrictive.

THRESHOLD LEVELS FOR CAPITAL ASSETS.

The following schedule will be followed for the different types of capital assets other than infrastructure:

Land	All
Land improvements	\$50,000
Building	\$100,000
Building improvements	\$50,000
Construction in progress	All
Machinery and equipment	\$10,000
Vehicle	\$10,000
City utility assets	\$10,000

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III. VALUATION OF CAPITAL ASSETS.

(A) Capital assets must be recorded at actual cost. Normally the cost recorded is the purchase price or construction costs of the asset but also included is any other reasonable and necessary costs incurred to place the asset in its intended location and intended use. Such costs could include the following:

- (1) Legal and title fees, closing costs;
- (2) Appraisal and negotiation fees, surveying fees;
- (3) Damage payments;
- (4) Land preparation costs, demolition costs;
- (5) Architect, engineering, and accounting fees;
- (6) Insurance premiums during construction;
- (7) Transportation charges, interest costs during construction.

(B) Donated or contributed assets should be recorded at their fair market value on the date donated.

IV. ASSET DEFINITIONS BY MAJOR CATEGORY.

It is important to the maintenance of accurate records that each asset category be precisely defined and that all persons responsible for records maintenance be fully aware of the categorization system. This section further clarifies the asset definitions by major category.

BUILDINGS.

(1) All structures designed and erected to house equipment services or functions are included. This includes systems, services, and fixtures within buildings and attachments such as porches, stairs, fire escapes, canopies, areaways, lighting fixtures, flagpoles, and all other such units that serve the building.

(2) Plumbing systems, lighting systems, heating, cooling, ventilating and air handling systems, alarm systems, sound systems, surveillance systems, passenger and freight elevators, escalators, build-in casework, walk-in coolers and freezers, fixed shelving, and other fixed equipment are included with the building, if owned. Communication antennas and/or towers are not included as buildings. These are parts of the equipment units that they serve.

EQUIPMENT.

All other types of physical property within the scope of the fixed asset management system not previously classified. Included within this category are office mechanical equipment, office furniture, appliances, furnishings, machinery items, maintenance equipment, communication equipment, police, fire, sanitation and park department, laboratory equipment, vehicles, road equipment, aircraft, emergency equipment, earth moving equipment, text equipment, civil defense equipment, and data processing equipment. All supplies are excluded.

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IMPROVEMENTS OTHER THAN BUILDINGS.

(1) Examples of civil city assets in this category are walks, parking areas and drives, fencing, retaining walls, pools, fountains, planters, underground sprinkler systems, and other similar items.

(2) Examples of city utilities assets in this category are water supply mains, collection sewers, wells, dams, fences, intake pipes, manholes, and fire hydrants.

INFRASTRUCTURE.

(1) Long-lived capital that normally can be preserved for a significantly greater number of years than most capital and that are normally stationary in nature. Examples include roads, streetlights, traffic signals, drainage systems, and water systems. Infrastructure assets do not include buildings, drives, parking lots, or any other examples given above that are incidental to property or access to the property above.

(2) Additions and improvements to infrastructure, which increase the capacity or efficiency of the asset, will be capitalized. Maintenance/repairs will be considered as necessary to maintain the existing asset, and therefore not capitalized. For example, patching, resurfacing, snow removal, etc. are considered maintenance activities and will be expensed. Also, normal department operating activities such as feasibility studies, and preliminary engineering and design, will be expensed and not capitalized as an element of the infrastructure asset.

(3) Alleys will not be included as part of infrastructure; the land under alleys will be added to total land.

LAND.

Specified land, lots, parcels, or acreage including rights-of-way, owned by the city and its various departments, boards, or authorities, regardless of the method or date of acquisition. Easements will not be included, as the city does not own them, but as an interest in land owned by another that entitles its holder to a specified limited use.

V. CAPITAL ASSET ACQUISITIONS.

(A) The method of acquisition is not a determining factor. Each department should report items acquired by:

- (1) Regular purchases.
- (2) Lease purchase. (See division (B) of this section below.)
- (3) Construction by city personnel.
- (4) Construction by an outside contractor.
- (5) Resolution/condemnation.
- (6) Donation/contribution.
- (7) Addition to an existing asset.
- (8) Transfer from another department

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- (9) Trade or barter.
- (10) Annexation.

(B) Lease equipment should be capitalized if the lease agreement meets any one of the following criteria:

- (1) The lease transfers ownership of the property to the lessee by the end of the lease term.
- (2) The lease contains a bargain purchase option.
- (3) The lease term is equal to 75% of the estimated economic life of the leased property.
- (4) The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property.

(C) Leases that do not meet any of the above criteria should be recorded as an operating lease and reported in the notes of the financial statements.

VI. ASSET TRANSFERS AND DISPOSITIONS

Capital assets should not be transferred, sent to auction, or disposed of without prior approval and consent of the town council. A list of the capital assets being transferred or disposed of should be sent to the town council prior to transfer or disposal. All transfers and dispositions shall be in accordance with Indiana law.

VII. PERIODIC INVENTORIES

~~School~~ inventory of all capital assets will be conducted annually at a minimum. The inventory will be conducted on or before December 31st each year by the town Clerk/Treasurer or a designee.

VIII. RESPONSIBILITIES OF TOWN CLERK/TREASURER

The Clerk/Treasurer, as the town's fiscal officer, will ensure that capital assets are being accounted for by establishing a capital asset inventory, both initially and annually in subsequent years. The Clerk/Treasurer will further ensure that the capital assets report will be updated annually to reflect additions, reductions, and transfers. The Clerk/Treasurer will also report annual capital asset balances as required by the State Board of Accounts on the Town Annual Financial Report

SEVERABILITY

Should any sentence, clause, phrase, or portion of this Ordinance for any reason be held illegal, invalid, or unconstitutional by decision of any court or competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions hereof.

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EFFECTS OF ADOPTION ON PRIOR ORDINANCE

This ordinance supersedes all other ordinances or parts of ordinances regarding capital asset policies which are in conflict with its provisions, and any such ordinance is hereby repealed.


PASSED AND ADOPTED by the Town Council of the Town of Greenville, Indiana, this 11th day of November, 2024.

TOWN COUNCIL, TOWN OF
GREENVILLE, INDIANA


GREGORY S REDDEN, PRESIDENT


ANDY LEMON, VICE PRESIDENT

DAVID GOMES


KYLE KRUER


SKIP POWELL


JACK TRAVILLIAN
CLERK/TREASURER