

ORDINANCE NO. 2025-05-13-01

FIXED ASSET CAPITALIZATION ORDINANCE

ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF POSEYVILLE, INDIANA, THAT:

WHEREAS, the Town Council is the governing body of the Town of Poseyville, Posey County, in the State of Indiana, and

WHEREAS, the Town Council of the Town of Poseyville so desires to establish a capitalization policy for the Town and its various Departments and Utilities.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Poseyville, Posey County, Indiana, that Ordinance No. 2022-12-13-02 shall be and hereby is amended in its entirety, to read as follows

1. Purpose

The Capitalization Ordinance aims to establish guidelines for classifying and recording capital assets in compliance with Indiana State Board of Accounts (SBOA) requirements and Generally Accepted Accounting Principles (GAAP). Ordinance 2025-04-08-01 replaces ordinances 2004-02-11-01 and 2022-12-13-02.

2. Capital Asset Definition

Capital assets include land, buildings, infrastructure, equipment, and improvements that:

- Have an estimated useful life of more than one year.
- Meet or exceed the capitalization threshold established in this policy.

3. Capitalization Thresholds

To ensure consistency and accountability, the Town of Poseyville will capitalize assets based on the following thresholds:

Asset Category Capitalization Threshold

| | |
|----------------|------------------|
| Land | All acquisitions |
| Buildings | \$5,000 |
| Infrastructure | \$10,000 |
| Equipment | \$5,000 |
| Improvements | \$10,000 |

4. Depreciation Methodology

Capital assets will be depreciated over their estimated useful lives using the **straight-line method**, with no salvage value unless otherwise determined. Estimated useful lives are as follows:

Asset Category Useful Life (Years)

| | |
|----------------|-------|
| Buildings | 40 |
| Infrastructure | 20-50 |
| Equipment | 5-15 |
| Improvements | 10-25 |

Land and specific works of art or historical assets are not depreciated.

5. Asset Valuation

- Assets will be recorded at historical cost, including purchase price, taxes, and installation costs.
- If historical cost is unavailable, a reasonable estimated cost will be used.

- Donated assets will be recorded at fair market value at the time of donation.

6. Inventory and Asset Tracking

- The Clerk-Treasurer's Office will maintain an inventory of all capital assets.
- An annual physical inventory of capital assets will be conducted, and records will be updated accordingly.

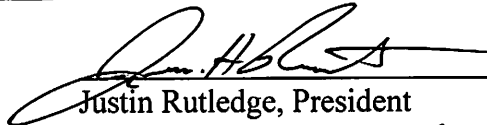
7. Disposal of Capital Assets

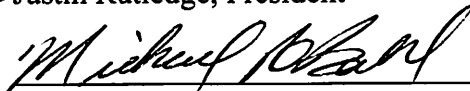
- Assets that are no longer useful will be disposed of in accordance with Indiana Code 5-22-22 and town policies.
- Proceeds from the sale of assets will be recorded as revenue in the appropriate fund.

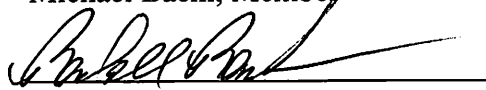
8. Compliance and Review

This policy will be reviewed periodically to ensure compliance with state regulations and financial reporting requirements. Any amendments must be approved by the Town Council.

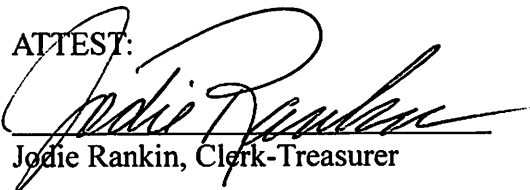
ORDAINED AND PASSED by the Town Council of the Town of Poseyville, Indiana this 08th day of April, 2025.


Justin Rutledge, President


Michael Baehl, Member


Randall Rankin, Member

ATTEST:


Jodie Rankin, Clerk-Treasurer