

VILLAGE OF WARRENSBURG, ILLINOIS

ORDINANCE NO. 761

**AN ORDINANCE AUTHORIZING AND APPROVING
THE VILLAGE OF WARRENSBURG, ILLINOIS
CAPITAL ASSETS POLICY
DATED FEBRUARY, 2021**

**ADOPTED BY
THE BOARD OF TRUSTEES OF
THE VILLAGE OF WARRENSBURG
THIS 16TH DAY OF FEBRUARY, 2021**

Published in pamphlet form by authority of
the Board of Trustees of
the Village of Warrensburg, Macon County, Illinois,
this 16th day of February, 2021

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THE VILLAGE OF WARRENSBURG, ILLINOIS
CAPITAL ASSETS POLICY
DATED FEBRUARY, 2021**

NOW, THEREFORE, IT IS HEREBY ORDAINED BY THE PRESIDENT AND BOARD TRUSTEES OF THE VILLAGE OF WARRENSBURG, ILLINOIS:

Section 1: That the attached Capital Assets Policy Dated February, 2021, be and the same is hereby adopted by the Village of Warrensburg.

Section 2: That this Ordinance, after its passage and approval, shall be published in pamphlet form and shall be in full force and effect on February 16, 2021, after said publication, in the manner, form, and time as provided by the laws of the State of Illinois.

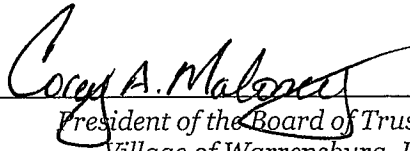
TRUSTEES:

Ray Ewing	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
Douglas Fisher	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
Leland Hackl	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
Kerry Hood	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
Nelson E. Lock	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
John Oakley	Aye - <u>X</u>	Nay - ___	Absent - ___	Abstain - ___
Corey Maloney	Aye - ___	Nay - ___	Absent - ___	Abstain - ___

PRESENTED, PASSED and APPROVED this 16th day of February, 2021.

RECORDED THIS 16th day of February, 2021.

Approved:



President of the Board of Trustees of the
Village of Warrensburg, Illinois

ATTEST:



Village Administrative Clerk of the
Village of Warrensburg, Illinois

Village of Warrensburg

Capital Assets Policy

February 2021

I. Purpose

Governmental Accounting Standards Board (GASB) Statement 34 requires municipal governments to capitalize assets (i.e., land, roads, bridges, water and sewer systems, vehicles, equipment, etc.) and include the financial impact of these capitalized assets in the Government Wide Financial Statements. Once an asset is capitalized, it is depreciated over its useful life. This policy identifies useful lives for the individual asset classes of the Village as well as a threshold for assets that are added to the capital asset records to ensure continued compliance with Statement 34.

II. Classes and Capitalization Thresholds

Capital assets are typically defined as all tangible assets including, but not limited to land, improvements to land, rights-of-way, buildings, vehicles, equipment, and infrastructure (including roads, water and sewer mains, sidewalks, bridges, storm sewers, street lighting, etc.) that are used in operations and have initial useful lives extending beyond a fiscal year. In addition, capital assets typically require substantial financial resources to acquire. Within the infrastructure class for purposes of recording assets, sidewalk and roadway assets will be partitioned by linear foot.

Based on this definition of a capital asset, the Village has established classifications and financial thresholds for the tangible assets owned by the Village. By utilizing these classifications and thresholds, the Village has been and will continue to be able to distinguish between those tangible assets that should be reported in the Government Wide Financial Statements in conjunction with Statement 34 and those assets that do not need to be reported. Individual items with costs below these thresholds will be expensed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to an asset are capitalized and depreciated over the estimated useful life of the improvement. The classifications and thresholds for all capital assets of the Village are detailed in Exhibit A to this document.

III. Determining the Acquisition Cost/Value of Capital Assets

GASB Statement 34 requires municipal governments to report the historic or estimated historic cost of acquiring or constructing a capital asset. Purchased assets are valued for accounting purposes at the total of their purchase price and any related costs for transportation, installation, or other direct, identifiable expense involved in procuring the asset and readying it for its intended use. Costs for training and maintenance and warranty agreements are not considered part of the asset cost and should be expensed.

Constructed building assets are valued at the total amount paid for acquiring or improving the asset including land, labor, materials, engineering design and inspection fees, construction management fees, charges by brokers or others, appraisal fees, site preparation fees, and legal, title, and filing fees.

The Administrative Clerk will provide a listing of capital assets to be added or subtracted to the capital asset schedule each fiscal year. The external auditors for the Village maintain the schedules and will calculate and record depreciation expense as part of the annual audit process.

IV. Depreciation

The Village will depreciate the cost of the asset using the straight-line method over the useful life of the asset. The useful life is dependent on the type of asset and is detailed by the Class of Assets on Exhibit A to this document. The external auditors, when adding new assets to the capital asset schedule, will ensure the proper useful life is utilized in accordance with current tax laws.

V. Capital Asset Database

Acquisitions meeting the definition of Capital Assets are to be entered into the Village Capital Asset Schedule. The data captured for each acquisition are: Description, In Service Date, Life and Total Cost. The three categories currently being maintained are:

- Water
- Sewer
- Governmental

The Village Finance Chair, or his/her designee, will make random checks of the Capital Assets at least once during the fiscal year for each category and will vary the method of checking.

VI. Miscellaneous

A. Rehabilitations, Reconstruction and Repairs

When any item of infrastructure is fully re-constructed, the cost of the old asset (if determinable) is removed from the asset records along with its related accumulated depreciation. Routine repairs and maintenance, such as intermittent pavement repairs and pothole patching, that do not add to the value of the asset or materially extend its useful life will not be added to the value of the asset but will be expensed.

B. Sales and/or Retirement of Assets

When a capital asset is disposed of, sold, or retired, its cost and accumulated depreciation are removed from the books and a gain or loss, if any, is recognized.

An asset is removed from the capital asset records when it is determined that the asset is no longer operable, has been replaced, or is no longer available for use. Retirement may consist of sale, scrap, or donation of the asset. The Village Administrative Clerk will work with other departments as property is disposed of in order to ensure proper recording of these events.

C. Recognition of Capital Assets Donated or Provided to the Village

Some of the assets acquired by the Village are acquired by donation or conveyance. The Village will recognize donated or conveyed assets as belonging to the Village on the date upon which the Village formally accepts the donated/conveyed asset. Once this formal acceptance is complete, the asset will be placed into the appropriate classification according to Exhibit A and the proper procedures to account for that asset will be initiated from that point forward (i.e. annual depreciation, etc.). Donated or conveyed capital assets are recorded at estimated fair market value at the date of donation or conveyance.

D. Construction in Progress

The Village will record construction in progress anytime the project is not yet completed and the final project cost will be recorded as a capital asset. The construction in progress will be reclassified to the appropriate capital asset category when the project is complete and the asset is placed in service.

E. Inventory Listing

As indicated, items not meeting the definition of Capital Assets above will not be capitalized. Separate from this determination, if an item has an acquisition price of \$250 or more and generally meets the criteria of being both a standalone unit and reasonably mobile, it will be included on an Inventory Listing. Included on this report is information for each item at the time it is acquired: Department, Description, Serial Number, Location, Acquisition Date, and Total Cost. When the item is eventually disposed of, the following should be recorded: Disposition Date, Method of Disposition and Disposition Amount. The Village Finance Chair, or his/her designee, will make random checks of the items on the Inventory Listing at least once during the fiscal year and will vary the method of checking.

Exhibit A to the Village Capital Asset Policy
Classes, Thresholds, and Depreciable Life
Updated January 2021

<u>Class of Asset</u>	<u>Threshold for Capitalization</u>	<u>Depreciable Life</u>
Land	All	N/A
Machinery & Equipment	\$5,000	5-30 years
Treatment Plant & System	\$5,000	5-40 years
Buildings & Improvements	\$5,000	10-45 years
Infrastructure	\$5,000	40-50 years

STATE OF ILLINOIS)
) ss
COUNTY OF MACON)

CERTIFICATE

I, CYNTHIA A. HUNDLEY, certify that I am the duly appointed Village Administrative Clerk of the Village of Warrensburg, Macon County, Illinois.

I further certify that on the 16th day of February, 2021, the President and Board of Trustees of the Village of Warrensburg passed and approved Ordinance No. 761, entitled "An Ordinance Authorizing and Approving the Village of Warrensburg, Illinois Capital Assets Policy Dated February, 2021", which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 761, including Ordinance and cover sheet thereof was prepared, a copy of such Ordinance was posted in the Warrensburg Village Hall, the Warrensburg Public Library, and Warrensburg Post Office, commencing February 17, 2021, and continuing for at least 10 days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the Village Administrative Clerk.

DATED at Warrensburg, Illinois this 17th day of February, 2021.

Cynthia A. Hundley

Village Administrative Clerk of the
Village of Warrensburg, Illinois