

ORDINANCE # 11, 2001  
AN ORDINANCE AMENDING THE MUNICIPAL CODE OF THE CITY OF VALPARAISO AND  
CREATING A FIXED ASSET CAPITALIZATION AND INVENTORY POLICY

**Whereas** the Common Council is the fiscal and the governing body of the City of Valparaiso, and

**Whereas** the Common Council wishes to establish a policy to address the government's investment in property, which comprises a significant resource, and

**Whereas**, the Council wishes stated policy to ensure compliance with various accounting and financial reporting standards including generally accepted accounting principles (GAAP), Governmental Accounting, Auditing and Financial Reporting (GAAFR), and the Governmental Accounting, Auditing and Financial Reporting (GAAFR), and the Governmental Accounting Standards Board (GASB) and to meet any applicable State and Federal fixed asset regulatory and reporting requirements related to property, and

**Whereas** the Council further wishes to adopt a policy in regard to the capitalization of fixed assets in order to meet the reporting requirements set forth in Statement #34 of the Governmental Accounting Standards Board, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and to make such policies a part of the Municipal Code, and

**Now therefore** be it ordained by the Common council of the City of Valparaiso, that the Municipal code of the City be amended as follows;

**CHAPTER 10. Fiscal Branch**

**SECTION 10.04 Capitalization and Inventory Policy**

**(1) - DEFINITIONS AND PROVISIONS:**

For the purpose of this ordinance the following definitions shall apply unless the content clearly indicates or requires a different meaning.

**FIXED ASSET** - Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, and all other tangible assets that are used in operations and have initial useful lives extending beyond a single reporting period.

**INFRASTRUCTURE ASSET** - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

**SECTION 10.04 (2) – CAPITALIZATION THRESHOLD AND INVENTORY**

To be considered a fixed asset for financial reporting purposes, an item must be at or above the capitalization threshold and have a unit historical cost of \$5,000 or more. With regard to improvements to buildings and improvements to infrastructure, the expenditure must be at a historical cost of \$10,000 or more; however, repairs and most renovations will be expensed in the current year.

The City Clerk-Treasurer will ensure that accounting for fixed assets is being exercised by establishing a fixed asset inventory, both initially and periodically in subsequent years. The Clerk-Treasurer will further ensure that the fixed asset report will be updated annually to reflect additions, retirements, and transfers and to reflect the new, annual fixed asset balance.

**SECTION 10.04 (3) – ASSETS BELOW THE CAPITALIZATION THRESHOLD**

The Council also wishes to express that the day-to-day stewardship of property (above and in selected instances below the capitalization threshold of \$5,000) is the expressed responsibility of the head of the operating department utilizing the property.

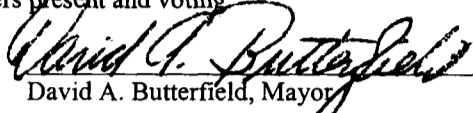
And, for maintenance of the fixed asset accounting report, the various heads of the operating departments have the responsibility to report additions, retirements, and transfers, in detail to the Clerk-Treasurer. Detail shall include such data elements as asset description, location, make, model, serial number, date of acquisition, cost, trade-in or disposal price received, and any other information that assists control or is deemed relevant.

Further, these assets below the capitalization threshold, but considered sensitive may include, but not be limited to, weapons, radios, computers, printers, fax machines, chain saws, small motor equipment and power tools. These minor but sensitive items shall be inventoried and controlled at

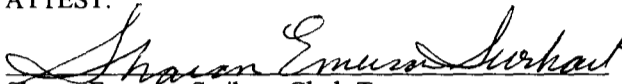
the department level by the head of the operating department. Stated inventory shall be conducted annually. The city Clerk-Treasurer shall reserve the right to request copies of the inventory and/or updated inventory of controllable items and to periodically review the information and adherence to policy.

This Ordinance shall be in full force and effect immediately upon its adoption by the Common Council and approval by the Mayor.


PASSED by the Common Council of the City of Valparaiso, Indiana, on the 23<sup>rd</sup> day of April, 2001 by a 7-0 vote of 7 members present and voting

  
David A. Butterfield, Mayor

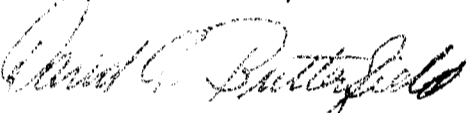
ATTEST:

  
Sharon Emerson Swihart, Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso, Indiana, this 23<sup>rd</sup> day of April, 2001, at the hour of 8:00 o'clock P. M.

  
Sharon Emerson Swihart, Clerk-Treasurer

This Ordinance approved and signed by me this 23<sup>rd</sup> day of April, 2001, at the hour of 8:00 o'clock P. M.

  
David A. Butterfield, Mayor