

## CHAPTER 32: FUNDS AND OTHER FINANCES

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**GENERAL PROVISIONS**

**§ 32.01 CLAIM PAYMENTS.**

(A) The Board of Public Works and Safety approves and authorizes claim payments to be made by the Clerk-Treasurer in advance of formal Board of Public Works and Safety allowance for the following types of expenses:

(1) Property or services purchased or leased from the United States government, its agencies or its political subdivisions;

(2) License fees or permit fees;

(3) Insurance premiums;

(4) Utility payments or utility connection charges;

(5) General grant programs where advance funding is not prohibited and the contracting party posts sufficient security to cover the amount advanced;

(6) Grants of state funds authorized by statute;

(7) Maintenance agreements or service agreements;

(8) Leases or rental agreements;

(9) Bond or coupon payments;

(10) Payroll;

(11) State, federal or county taxes;

(12) Expenses that must be paid because of emergency circumstances; and

(13) Expenses, the payment of which, in the opinion of the Clerk-Treasurer, constitutes good business practice; providing that:

(a) There is a fully itemized invoice or bill for the claim;

(b) The invoice or bill is approved by the officer or person receiving the goods and services;

(c) The invoice or bill is filed with the Clerk-Treasurer; and

(d) The Clerk-Treasurer audits and certifies before payment that the invoice or bill is true and correct, and that sufficient funds are available for payment.

(B) Each payment of expenses outlined in division (A) above must be supported by a fully itemized claim.

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(C) With the prior written approval of the board having jurisdiction over allowance of the claim, the Clerk-Treasurer may make claim payments in advance of formal allowance for those expenses outlined in division (A) above.

(D) The Board of Public Works and Safety, having jurisdiction over allowance of claims, shall review and allow the claim at the Board's next regular meeting or special meeting following the pre-approved payment of the expense.

(E) This section shall become and remain effective upon its passage and approval.  
(Ord. 2000-08, § 1)

### **§ 32.02 TAX ABATEMENT POLICIES; ADOPTED BY REFERENCE.**

The tax abatement policies of the city enacted in resolution form are hereby adopted by reference and incorporated herein as if set out in full.

(Ord. 98-28; Ord. 2000-23; Ord. 2001-49; Ord. 2003-22; Ord. 2006-43 (as amended); Ord. 2007-05; Ord. 2007-06)

***Editor's note:***

*Two copies of the provisions adopted by reference in this section are available for public inspection at the office of the Clerk-Treasurer during regular business hours.*

### **§ 32.03 MINIMUM INTERNAL CONTROL STANDARDS.**

(A) The *Uniform Internal Control Standards for Indiana Political Subdivisions* ("Standards"), adopted and promulgated by the Indiana State Board of Accounts beginning with the edition published and dated September, 2015, and commencing on page 10 thereof, beginning with "Component One: Control Environment," through and including: "Component Five: Monitoring Activities," on page 17, together with any amendments or deletions, made thereafter and into the future, including all "Principles," numbered 1 through 17, are hereby incorporated into this Section by reference as if fully restated herein. Said standards are made binding and effective upon every department, agency and instrumentality of the city from and after the taking effect of this section.

(B) Every officer or employee of the city whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity shall receive training concerning the Standards and related procedures. The Clerk-Treasurer of the City shall direct, manage, supervise and conduct such training as necessary or required from time to time, keep records of same and file all certifications of such training required by law.

(Ord. 2016-16)

## **FUNDS**

### **§ 32.20 SPECIAL PARK AND RECREATION FUND.**

(A) A special non-reverting fund, designated as "Special Park and Recreation Fund", is hereby established pursuant to Acts of 1955, Chapter 311, § 221, Page 943.

(B) Moneys procured from such activities or programs shall be deposited at least once each month with the city's Clerk-Treasurer who shall, in turn, deposit the moneys in the special non-reverting fund. Moneys from the Fund shall be disbursed only on a warrant (purchase order) of the Park and Recreation Board signed by the President and Secretary.  
(Prior Code, § 2-36) (Ord. 820, §§ 1, 2)

**§ 32.21 GENERAL IMPROVEMENT FUND.**

(A) There is reaffirmed the creation of a fund known as the General Improvement Fund of the city, pursuant to I.C. 36-9-17.

(B) The use, composition and administration of this Fund shall be according to the provisions of the above cited statute as it may be supplemented and/or amended from time to time.  
(Prior Code, § 2-37) (Ord. 90-34, § 1(part))

**§ 32.22 CUMULATIVE CAPITAL IMPROVEMENT FUND.**

(A) There is reaffirmed the creation of a fund known as the Cumulative Capital Improvement Fund of the city, pursuant to I.C. 36-9-16.

(B) The use, composition and administration of this Fund shall be according to the provisions of the above cited statute as it may be supplemented and/or amended from time to time.  
(Prior Code, § 2-38) (Ord. 90-34, § 1(part))

**§ 32.23 CUMULATIVE CAPITAL DEVELOPMENT FUND.**

(A) There is hereby continued a City of Hobart Cumulative Capital Development Fund.

(B) An ad valorem property tax levy will be imposed and the revenues from the levy will be retained in the City of Hobart Cumulative Capital Development Fund.

(C) The maximum rate of levy under division (B) above will not exceed \$0.12 per \$100 of assessed valuation.

(D) The Common Council of the City of Hobart, Lake County, Indiana, shall annually adopt a property tax levy under the rules specified in I.C. 6-1.1-41 or succeeding statutes.

(E) The funds accumulated in the City of Hobart Cumulative Capital Development Fund may be used for any purpose permitted under I.C. 36-9-15.5.  
(Prior Code, § 2-39) (Ord. 90-34, § 1(part); Ord. 95-03; Ord. 2000-12; Ord. 2009-07) (Ord. 2015-07)

**§ 32.24 VEHICLE INSPECTION FUND.**

(A) *Created.* A special vehicle inspection fund is created for the purpose of depositing inspection fees.

(Prior Code, § 2-40) (Ord. 2007, § 2)

(B) *Fee established.* Pursuant to I.C. 9-29, there is established a fee as set out in the Fee Schedule of this code for the inspection of motor vehicles, semi-trailers and recreational vehicles or any other vehicle.

(Prior Code, § 2-40.1) (Ord. 2007, § 1)

(C) *Disposition of revenue.* Pursuant to I.C. 9-29, the revenue generated from this inspection fee shall be deposited in the special Vehicle Inspection Fund.

(Prior Code, § 2-40.2) (Ord. 2007, § 3)

(D) *Authority to appropriate moneys.* Pursuant to I.C. 9-29, the Common Council of the city must appropriate moneys collected from the inspection only for law enforcement purposes.

(Prior Code, § 2-40.3) (Ord. 2007, § 4)

**§ 32.25 REPEALED.**

(Prior Code, § 2-41.1-4) (Ord. 1984, §§ 1-5) (Repealed by Ord. 2008-57, § 2)

**§ 32.26 MUNICIPAL PROPERTY SEIZURE FUND.**

(A) A non-reverting fund known as the Hobart Municipal Property Seizure Fund is now established in the municipality's Treasury.

(B) Money and property deposited pursuant to state law shall be deposited in the Hobart Municipal Property Seizure Fund, a non-reverting fund within the municipality's Treasury.

(C) All money and property deposited in the Hobart Municipal Property Seizure Fund shall be subject to appropriation by the Common Council pursuant to I.C. 36-4-7-7 and state law.

(D) Appropriation shall include, but shall not be limited to, money to provided for and defray expenses of the Hobart Police Department associated with the cost of the action in seizing the property.

(Prior Code, § 2-42) (Ord. 92-22, §§ 1-4)

**§ 32.27 RICO FUND.**

(A) A non-reverting fund known as the Racketeer Influenced and Corrupt Organizations Fund is hereby established in the Hobart Municipal Treasury.

(B) The Fund is not subject to appropriation per I.C. 36-4-7-7.

(C) Property forfeited to the Hobart Police Department pursuant to state law shall be deposited in the Fund as determined by court order.

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(D) The Hobart Police Department may make claims against this Fund to defray cost and expenses incurred as an aggrieved person as determined by court order.

(E) An accurate accounting shall be maintained as determined by court order for credits and approved claims as debits.  
(Prior Code, § 2-42.1) (Ord. 92-23, §§ 1-5)

**§ 32.28 ADULT PROBATION FUND.**

(A) There is hereby created for the city the Adult Probation Fund, to be designated on the books of the city's Treasurer.

(B) There is hereby appropriated from the Fund such amounts, not to exceed the current balance of the fund, as the judge of the Hobart City Court shall request, in writing, for the purposes permitted by law.  
(Prior Code, § 2-42.2) (Ord. 93-38; Ord. 2006-34)

**§ 32.29 REPEALED.**

(Prior Code, § 2-42.3) (Ord. 94-47, §§ 1-5) (Repealed by Ord. 2008-57, § 3)

**§ 32.30 AMBULANCE FUND.**

(A) *Ambulance service.*

(1) The Hobart ambulance service, under the direction and control of the Board of Public Works and Safety, shall provide patients with emergency service only, primarily within the city limits of Hobart, and shall not be used for the transportation of non-emergency patients or deceased persons.

(2) An additional non-resident fee as set out in the Fee Schedule of this code shall be collected for each incident, regardless of the type of service provided, when the patient is not a resident at the time of the incident of the corporate boundaries of the City of Hobart, Indiana.

(B) *Fees.*

(1) The Fire Department shall collect the following fees for emergency medical services:

Each incident of basic life support ambulance service: \$ 568.05

Each incident of Advanced Life Support service Level 1: \$ 809.18

Each incident of Advanced Life Support Service Level 2: \$1,120.00

(2) An emergency medical services fee in the amount of \$176.21 shall be collected for each incident where:

(a) Ambulance service is requested by, or on behalf of, a patient;

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(b) Medical services are provided to the patient by emergency medical personnel;

(c) The patient refuses ambulance transport; and

(d) The Fire Chief determines that such services are beyond the scope of non-transport assistance normally provided without charge.

(3) In addition to the foregoing fees, a charge shall be made for the application and use of Oxygen at the Basic Life Support Level of service in the amount of \$15.57 for both residents and non-residents.

(4) In addition to the foregoing fees, a mileage charge in the amount of \$15.00 per mile or fraction thereof shall be collected for each mile traveled by the City ambulance from its station point immediately prior to the incident to its return to that station point or another station point at the conclusion thereof; provided that, such charge shall be limited to the first five (5) miles of such distance traveled.

(5) An additional non-resident fee of \$100.00 for each incident, irrespective of the type of service provided, shall be collected whenever the patient is not, at the time of the incident, a person whose residence is located within the corporate boundaries of the City of Hobart.

(6) The fees established in this subsection (B) shall take effect on January 1, 2017 and such fees, with the exception of the medical services fee provided for above in sub-subsection (2), shall be increased by 3% effective on January 1, 2018, and on each January 1, thereafter.

(7) The fees established herein shall be binding upon all persons receiving such services as well as their successors in interest, personal representatives, heirs and assigns. Revenue generated by such ambulance and medical services fees shall be remitted to the Clerk-Treasurer and deposited into the General Fund of the City of Hobart. The fees specified in this sub-section (B) shall be inserted into and become a part of the Fee Schedule of the Municipal Code of the City.

(8) As the need arises, but not less often than annually, the Clerk-Treasurer shall submit to the Board of Public Works and Safety for its determination, a list of ambulance fees charged under this section which he or she deems uncollectible. Such list shall detail the reason for each fee being uncollectible; reasons may include but not be limited to compliance with Medicare and Medicaid regulations, agreements with insurance providers, death of the debtor, or other good and practical business reasons. Ambulance fees determined to be uncollectible by the Board of Public Works and Safety shall be posted as "uncollectible ambulance fees" and deleted from the city's Accounts Receivable books.

(Ord 2011-38, § 7; Ord. 2013-24; Ord. 2016-38)

(C) *Medicare assignment.* The city will accept Medicare assignments from those persons receiving Medicare assistance and will recover any additional amount owed for service only in the event that the persons have supplemental insurance coverage.

(D) *Litigation.* The city may enforce the provisions of this section by civil actions in court, for the collection of amounts due or other appropriate relief. Additional costs incurred by the city in collecting fees charged under this section shall be born by the person responsible for payment of such fees. Such additional costs shall include, but not be limited to, collection agency fees,

attorney fees and court costs.

(E) *Service not be refused in the event of non-payment.* Nothing contained in this section shall authorize any city department or personnel to refuse or delay any service to any person, firm or corporation that has not paid for service or that owes for previous services or owes any money. (Prior Code, § 2-42.5) (Ord. 92-10; Ord. 94-77, (part); Ord. 2001-48, § 2; Ord. 2002-35, § 1; Ord. 2006-07, § 1)

(F) *Persons Confined.* An person held in custody, confined or incarcerated by the City, including but not limited to individuals who are (i) under arrest, (ii) incarcerated, (iii) imprisoned, (iv) escaped from confinement, (v) under supervised release, (vi) on medical furlough, (vii) residing in a mental health facility or halfway house, (viii) living under home detention, (ix) or confined completely or partially in any way under a penal statute or rule; shall be solely responsible for the payment for any medical services rendered to, and received by, that person during the course of his or her confinement with the City, or at the City's or Court's direction, including without limitation, transportation to and from a medical treatment facility, and any treatment deemed necessary by his or her treating physician, whether or not requested by the person confined; and shall be required to reimburse the City, in full for any fees or charges incurred for such services, if not paid directly to the medical facilities or practitioners providing the service by the confined person or his or her insurance carriers. (Ord. 2011-28, § 1)

### **§ 32.31 ENTRANCE WAY AND IMPROVEMENTS AND BEAUTIFICATION FUND.**

(A) There is hereby created a special non-reverting account for the use of the City of Hobart for the purpose of city entrance way improvements and beautification as a separate non-reverting fund known as the "City Entrance Way Improvements and Beautification Fund".

(B) The Entrance Way Improvements and Beautification Fund is a donation fund and shall be a non-reverting fund not subject to appropriations pursuant to I.C. 36-4-7-7.

(C) Funds received by the City of Hobart for "Welcome to Hobart" improvements and beautification projects for city entrance ways, historic sites and other property of similar use and significance; for signage; for maintenance and upkeep; landscaping; property acquisition and all similar improvement and beautification project be deposited into the fund.

(D) The Board of Public Works and Safety of the City of Hobart may accept and approve claims against the funds to defray costs and pay expenses incurred with the "Welcome to Hobart" improvements and beautification projects for city entrance ways, historic sites and other property of similar use and significance; including, but not limited to, signage, maintenance and upkeep, landscaping, appurtenances, equipping, constructing, enhancing and acquiring property for similar projects and the purposes specified hereby or by the donor of the specific gifts related to this fund.

(E) An accurate accounting shall be maintained for credits and approved claims as debits and maintained by the Clerk-Treasurer as an official record of the City of Hobart. The money shall not be commingled with other monies of the city.

(F) This Fund establishment and "appropriation" shall be in full force and effect from and after its passage by the Common Council and approval by the Mayor and as otherwise provided



for by law.  
(Ord. 95-59)

**§ 32.32 MAJOR MOVES FUND.**

The “Major Moves Fund”, a non-reverting fund for the City of Hobart, be and hereby is created for the specific purposes stated in the ordinance codified in this section.  
(Ord. 2006-30)

**§ 32.33 REPEALED.**

(Ord. 2004-26) (Repealed by Ord. 2013-16, § 2)

**§ 32.34 PENNSY DEPOT FUND.**

(A) The Pennsy Depot Fund is hereby created and established as a special non-reverting fund for the future maintenance and preservation of the Pennsy Depot.

(B) The City of Hobart Clerk-Treasurer’s Office shall place donations or any other monies specifically earmarked for the future maintenance and preservation of the Pennsy Depot into the Fund.

(C) Monies placed in the Pennsy Depot Fund shall not be withdrawn and expended except for the purposes for which the Fund is created unless authorized by an amendment to this section in accordance with all state and local laws.  
(Ord. 2004-06)

**§ 32.35 EMS EDUCATION FUND.**

(A) The Hobart Emergency Action Training (H.E.A.T.) Fund is hereby created and it shall be a special non-reverting fund for use by the Hobart Fire Department for educational programs as outlined in the EMS Education Fund program guide.

(B) Course fees, including text and supply fees, which are collected from participants shall be deposited into this Fund.

(C) Monies placed in the Hobart Emergency Action Training (H.E.A.T) Fund shall not be withdrawn and expended except for the purposes for which the Fund is created, namely educational materials, expenses and instructor’s fees directly related to Hobart Fire Department educational programs.

(D) The City of Hobart, upon Common Council approval, is authorized to place into the Hobart Emergency Action Training (H.E.A.T) Fund any grants received from other governmental agencies as well as any gifts received for the purpose of Hobart Fire Department educational programs.

(E) Any monies in the Hobart Emergency Action Training (H.E.A.T) Fund shall be obligated or extended upon approval by the Common Council.

(Ord. 2003-38)

**§ 32.36 ECONOMIC DEVELOPMENT FUND.**

(A) A non-reverting fund known as the “City of Hobart Economic Development Fund” is now established in the city’s Treasury.

(B) (1) Applicants requesting Industrial Development Bonds or Recovery Zone Facility Bonds to be issued by the City of Hobart shall pay an application fee equal to one tenth of one percent (0.1%) of the total amount of the Bond financing request at the time application is made to the City.

(Ord. 2010-35, § 1)

(2) Money collected by the City from applications and petitions for tax abatement, Industrial Development Bonds and Recovery Zone Facility Bonds shall be deposited in the Hobart Economic Development Fund, a non-reverting fund within the City’s Treasury.

(Ord. 2010-35, § 1)

(C) All money deposited into the Hobart Economic Development Fund shall be subject to appropriation by the City of Hobart Common Council pursuant to I.C. 36-4-7-7.

(D) Appropriation shall include, but shall not be limited to, money to provide for and defray expenses of the Hobart Economic Development Department, the Economic Development Commission, downtown revitalization programs, city-wide economic development promotions, economic development seminar attendance and staff training, interns and staff and for commercial and industrial development attraction, promotion and development.

(E) This appropriation shall be in full force and effect from and after passage, signed by the presiding office of the Common Council, approval by the Mayor, and approval by the state’s Board of Tax Commissioners.

(Ord. 95-46)

**§ 32.37 PARK IMPROVEMENT AND LAND ACQUISITION FUND.**

(A) There is hereby created a special non-reverting account for the use of the City of Hobart for the purpose of park improvements and park land acquisition.

(B) Monies collected as a condition of approval of tax abatement and issuance of a certificate of occupancy from the City of Hobart pursuant to the terms of § 9 of Res. 94-52, as amended (a resolution of the Common Council of the City of Hobart, Indiana, establishing policies for the tax abatement programs of the City of Hobart) shall be placed in this Fund.

(C) Monies placed in this Park Improvement and Land Acquisition Fund shall not be withdrawn therefrom except for the purpose for which the Fund is created; namely, for park improvements and park land acquisition; and, the monies deposited in this non-reverting account shall not be used to support staff salaries or operation expenses.

(D) The Department of Parks and Recreation is authorized to place in the Fund any grants received from other governmental units as well as any gifts received for the purpose of

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acquisition of land and other capital improvement and park land acquisition of the City of Hobart.

(E) Any monies in the Fund shall not be obligated or expended therefrom, except upon appropriation duly made and approved by the state's Board of Commissioners pursuant to law. (Prior Code, § 2-42.5) (Ord. 94-50, § 1-5; Ord. 98-08)

### **§ 32.38 ENHANCEMENT AND IMPROVEMENT FUND.**

(A) The city's Enhancement and Improvement Fund is hereby created and it shall be a special non-reverting fund for use of the City of Hobart for the purposes of city enhancement and improvement.

(B) Monies collected as a condition of commercial and industrial real property tax abatement approval and personal property tax abatement approval shall be deposited into this Fund.

(C) Monies placed in the city's Enhancement and Improvement Fund shall not be withdrawn and expended except for the purposes for which the Fund is created, namely, city enhancement and improvement; and the monies shall not be used to support staff salaries or operation expenses.

(D) The City of Hobart is authorized to place in the city's Enhancement and Improvement Fund any grants received from other governmental agencies as well as any gifts received for the purpose of land acquisition, capital improvements, equipment purchases and other enhancements and improvements to the City of Hobart.

(E) Any monies in the city's Enhancement and Improvement Fund shall be obligated or expended upon approval by the Common Council, but the obligation or expenditure of the funds shall not require approval by the state's Board of Tax Commissioners. (Ord. 98-39)

### **§ 32.39 REDEVELOPMENT COMMISSION SPECIAL FUND.**

(A) There is created a non-reverting fund of the City, to be known as the Redevelopment Commission Special Fund. Money received by the City or Redevelopment Commission from City-imposed fees for vacant building deduction applications pursuant to I.C. 6-1.1-12.1-14 shall be deposited in the fund, together with such other fees or moneys received by the Commission, or by the City, as the Council may authorize.

(B) The moneys deposited in the Fund may be used to pay any expense for any lawful purpose or activity of the Commission where no tax increment, grant or other dedicated funds are available. Such expenditures shall be authorized by the Commission. (Ord. 2013-18)

### **§ 32.40 PUBLIC SAFETY INCOME TAX FUND.**

(A) There is created a non-reverting fund of the City, to be known as the Public Safety Income Tax Fund. Money received by the City from distributions of the State of Indiana or Lake

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County Auditor pursuant to the Public Safety County Adjusted Gross Income Tax pursuant to I.C. 6-3.5-1.1-25, or any successor statute, shall be deposited in the fund, together with interest upon such same.

(B) The moneys deposited in the Fund may be used to pay any expense for those public safety-related purposes authorized by law. All such expenditures shall be subject to appropriation of the Council.

(Ord. 2013-31, § 1)

**§ 32.41 ECONOMIC DEVELOPMENT INCOME TAX FUND.**

(A) There is created a non-reverting fund of the City, to be known as the Economic Development Income Tax Fund. Money received by the City from distributions of the State of Indiana or Lake County Auditor pursuant to the Economic Development County Adjusted Gross Income Tax pursuant to I.C. 6-3.5-7-5 or any successor statute, shall be deposited in the fund, together with interest upon such same.

(B) The moneys deposited in the Fund may be used to pay any expense for those economic development-related purposes authorized by law. All such expenditures shall be subject to appropriation of the Council.

(Ord. 2013-31, § 2)

***CAPITAL ASSET POLICY***

**§ 32.50 GENERAL INFORMATION.**

(A) The fixed asset policy for the City of Hobart is being issued effective on the date duly adopted and published herein. The new policy will be referred to as the "Capital Asset Policy". This policy is being issued to document the minimum value of capital assets to be reported on our 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. Statement 34 will require the city to depreciate capital assets. 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 on the date duly adopted and published.

(B) City utilities will follow this same definition of capital assets. Any item with a unit cost of \$5,000 or more shall be capitalized. Assets that are not capitalized (items less than \$5,000) are expensed in the year of acquisition.

(C) The City of Hobart 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: citizens, rate-payers, oversight bodies and regulators. All public information pertaining to capital assets will be made available in the Annual City & Town Financial Report (CTAR).

(D) The purpose of establishing a capital policy is fivefold:

- (1) To safeguard the investments of the citizens of Hobart;

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- (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 date for financial reporting; and
- (5) To demonstrate appropriate stewardship responsibility for public assets.

(E) 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. (Ord. 2004-38; Ord. 2006-39, § 1)

### **§ 32.51 DEFINITION.**

For the purpose of this subchapter, the following definition shall apply unless the context clearly indicates or requires a different meaning.

#### ***CAPITAL ASSETS.***

(1) Include: land, land improvements, including monuments, buildings, building improvements, construction in progress, machinery and equipment, vehicles and infrastructure. All land will be capitalized, but not depreciated. All items with a useful life of more than 1 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 and depreciated in the government wide financial statements.

(2) Assets that are not capitalized (items less than \$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 less than \$5,000.

(3) Exceptions are:

(a) 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;

(b) 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 though the cost of individual items is less than such units; and

(c) 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.

(4) Purchases made using grant funds must comply with grant requirements of the above procedures, whichever are the most restrictive.

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(5) Threshold levels for capital assets: The following schedule will be followed for the different types of capital assets other than infrastructure assets:

	<i>Capitalize/Depreciate</i>
Land	All/capitalize only
Land improvements	\$5,000
Building	\$5,000
Building improvements	\$5,000
Construction in progress	All/capitalize only
Machinery and equipment	\$5,000
Vehicle	\$5,000
Utility assets	\$5,000

(6) Infrastructure:

(a) At the network level, the asset will be classified as major if the cost of the network item is at least 10% of the cost of all capital assets in fiscal year 1999. A **NETWORK** will be defined as a group of similar assets that serve a particular function or purpose for the City of Hobart.

(b) At the subsystem level, the asset will be classified as major if the cost of the subsystem item is at least 5% of the cost of all capital assets in fiscal year 1999. A **SUBSYSTEM** will be defined as a segment of a network of assets that serve a similar function for the City of Hobart.  
(Ord. 2004-38)

**§ 32.52 VALUATION.**

(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. The 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; and
- (8) Interest costs during construction.

(B) Donated or contributed assets should be recorded at their fair market value on the date donated.  
(Ord. 2004-38)

**§ 32.53 ASSET DEFINITIONS BY MAJOR CATEGORY.**

(A) 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.

(B) This section further clarifies the asset definitions by major category.

(1) *Land. LAND* is defined as specified land, lots, parcels or acreage including rights-of-way and easements, owned by the City of Hobart, its various departments, boards or authorizes, 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 (i.e. property owner) that entitles its holder to a specified limited use.

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

(3) *Buildings.*

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

(b) Plumbing systems, lighting systems, heating, cooling ventilating and air handling systems, alarm systems, sound systems, surveillance systems, passenger and freight elevators, escalators, built-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.

(4) *Equipment.* Equipment includes 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.

(5) *Infrastructure.*

(a) Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that are normally stationary in nature. Examples include roads, streetlights, traffic signals, sewer lines and drainage 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.

(b) 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 and the like, 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.

(c) Alleys will not be included as part of infrastructure for the following reasons.

1. Existing improved alleys will be maintained, and the city is responsible only for the maintenance, such as patching and repairing. Any investments to upgrade the alleys will be done by homeowner participation. Therefore, the city will not track and value alleys, and the patching/repairs will be expensed as they occur.

2. The retroactive reporting requirements for infrastructure of GASB 34 requires the city to report items put into service from 1980 forward, and gives the city the option to report items put into service prior to 1980. The city will report only on items put into service after 1980. Retroactive reporting is not mandated until fiscal years beginning after January 1, 2007, which the city will comply with.  
(Ord. 2004-38)

#### § 32.54 DEPRECIATION METHODS.

(A) *Generally.* The city will be depreciating capital assets by using either composite/group method depreciation or the straight-line method. Salvage value will be determined on an asset-by-asset basis. Depreciation will be calculated at year-end. Land is not depreciated according to general accepted accounting principles.

(B) *Composite/group network.*

(1) Composite depreciation refers to calculating depreciation for a collection of similar assets. A single composite rate is applied annually to the acquisition cost of the collection as a whole. At year-end, an adjustment will be made to the total cost to account for any additions/disposals throughout the year. The accumulated depreciation associated with it will also be adjusted. A gain or loss will never be reported on the asset when using the composite method. A full year's depreciation will be taken when the asset is placed in service and no depreciation recorded in the year it is sold or disposed of. To determine the appropriate depreciation rate for the composite group, divide 1 by the number of years the assets are depreciated. For instance, a group of assets with a 25-year life will be depreciated at 4% each year (1/25).

(2) Following is the list of groups the city will use for depreciation:

(a) *Composite/group depreciation.*

1. Street lights: 35 years;
2. Traffic signals: 25 years;



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3. Flood walls/gates: 50 years; and
4. Roads:
  - a. Cement: 10 years;
  - b. Gravel: 15 years;
  - c. Concrete: 30 years;
  - d. Asphaltic concrete: 20 years; and
  - e. Brick or stone: 50 years.

### (b) *Straight-line depreciation.*

1. All assets accounted for under the capital asset policy will be depreciated using the straight-line method of depreciation. A gain or loss on disposal will be recorded. Following is a list of the most common useful lives:

- a. Vehicles: 5 years;
- b. Office equipment: 5 years;
- c. Office furniture: 20 years;
- d. Heavy equipment: 10 years;
- e. Fire trucks: 15 years;
- f. Buildings: 50 years;
- g. Building components (HVAC systems, roofing): 20 years;
- h. Leasehold improvements: useful life of asset or lease term  
(whichever is shorter);
- i. Land improvements:
  - i. Structure (parking lots, athletic courts): 20 years; and
  - ii. Ground work (athletic fields, landscaping, fencing): 20 years.
- j. Outdoor equipment, (playground equipment, radio towers): 15  
years;
- k. Grounds equipment, (mowers, tractors, attachments): 15 years;
- l. Computer hardware: 3 years; and
- m. Computer software: 5 years.

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2. City sewer utilities useful lives are as follows:
  - a. Buildings and improvements: 50 years;
  - b. Sewer lines: 50 years;
  - c. Lift station: 50 years;
  - d. Treatment plant/equipment: 10 years;
  - e. Office equipment: 5 years;
  - f. Miscellaneous operating equipment: 5 years; and
  - g. Vehicles: 5 years.

(Ord. 2004-38)

**§ 32.55 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 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;
- (9) Trade or barter; and
- (10) Annexation.

(B) Leased equipment should be capitalized if the lease agreement meets any 1 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;

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(3) The lease term is equal to 75% of the estimated economic life of the leased property; and

(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.

(Ord. 2004-38)

### **§ 32.56 ASSET TRANSFERS AND DISPOSITIONS.**

(A) Property should not be transferred, turned-in for auction or disposed of without prior approval of the department head. A capital asset notification form should be sent to the Clerk-Treasurer's Office in all cases. This form is a dual-purpose form for transfer (defined as any movement of an asset by virtue of change in location, either by account, department, building, floor or room) or retirement (disposal) of property.

(B) The main points to be remembered when using this form are:

(1) Always provide sufficient detail to properly identify the asset, most importantly the asset's tag number or city ID;

(2) Be accurate and do not overlook any of the needed entries;

(3) Write legibly;

(4) Complete each column for every asset listed on the form;

(5) Enter information in correct row, depending on whether you are transferring or deleting an asset;

(6) Have Department Head sign at the bottom of the form; and

(7) Return the form to the Clerk-Treasurer's Office.

(C) If an asset is stolen, the department head should file a report with the Police Department in addition to notifying the Clerk-Treasurer's Office.

(Ord. 2004-38)

### **§ 32.57 PERIODIC INVENTORIES.**

A physical inventory of all capital assets (any item over \$5,000) will be conducted in each department on or about December 31 of every year. The Clerk-Treasurer's Office will conduct spot checks on a random basis. Department heads will be accountable for the capital asset inventory charged to their departments by verifying a list of their capital assets at year end.

(Ord. 2004-38)

**§ 32.58 RESPONSIBILITIES OF CLERK-TREASURER'S OFFICE.**

The Fiscal Officer will ensure that accounting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Fiscal Officer will further ensure that the capital asset report will be updated annually to reflect additions, retirements, and transfers and to reflect the new, annual capital asset balance for financial reporting purposes and the annual and accumulated depreciation calculation.  
(Ord. 2004-38)

**§ 32.59 RESPONSIBILITIES OF DEPARTMENT HEADS.**

(A) It is the responsibility of the department heads to act as or designate a steward for each piece of property. The steward will become the focal point for questions regarding the availability, condition and usage of the asset, as well as the contact during the physical inventory process.

(B) Someone should be designated to record the receipt of the asset, to examine the asset to make sure that no damage was incurred during shipment and to make sure that the asset was received in working order.

(C) The steward is also responsible for arranging for the necessary preventative maintenance and any needed repairs to keep the asset in working condition. It is necessary to have a responsible person available for questions that arise during a physical inventory or when someone wants to borrow the asset. The steward ensures that the asset is used for the purpose for which it was acquired and that there is no personal or unauthorized use. In addition, the steward should report any property damage or theft.  
(Ord. 2004-38)

**§ 32.60 EFFECTIVE DATE.**

The provisions of this subchapter shall take effect immediately upon adoption by the Common Council of the City of Hobart, Lake County, Indiana.  
(Ord. 2004-38)