To: President and Members of the Munster Town Council

From: Wendy Mis
Clerk-Treasurer

Date: June 19, 2023

Re: Revision of Capital Asset Policy

Every year, the Town is responsible for updating its capital asset information for financial reporting purposes. During the past several years, Peterson Consulting Services, Inc. of La Grange, Illinois, has assisted the Town in implementing the Governmental Standards Accounting Board (GASB) Statement No. 34 which prescribes financial reporting requirements for state and local governments to make annual reports more thorough and easier to use.

The current policy was put in place in 2003 and set the threshold for a capital asset at \$5,000.00 for all assets except for the Water Utility. At that time, the Water Utility threshold could not exceed \$750.00. The policy was updated in 2006 when the Water Utility asset threshold was permitted to go up to \$5,000.00.

While completing the reporting for 2022, the consultant recommended updating the capital asset threshold to \$25,000.00 per unit for all Town assets. This is primarily in response to price increases over the past twenty years. Previously, a \$5,000.00 threshold captured small equipment that is generally considered a capital asset. Now, repair parts can now meet the \$5,000.00 threshold.

Raising the threshold will not change the type of asset that will be reported. A vehicle, dump truck or major piece of equipment will still be captured and reported. The higher threshold will provide a more accurate picture of the capital asset inventory of the Town. Smaller pieces of equipment (e.g. portable radios, printers, water meters, furniture etc.) will still be included on inventory counts for internal control purposes even though their value does not meet the new threshold.

RECOMMENDED ACTION:

By motion and voice vote, approve the Capital Asset Policy revision dated June 19, 2023.