

**TOWN OF WHITESTOWN, INDIANA**  
**RESOLUTION 2023- 19**

**A RESOLUTION ESTABLISHING A CAPITAL ASSETS POLICY**

WHEREAS, The Town of Whitestown, Indiana (“Town”) is a duly formed municipal corporation governed by its Town Council (“Council”); and

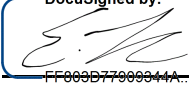
WHEREAS, the Council desires to maintain fiscal integrity of the assets and finances of the Town; and

WHEREAS, in furtherance of improving accurate reporting and complying with Indiana law, the Council desires to adopt a Capital Assets Policy as set forth below.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitestown, Indiana, that the policy attached hereto and incorporated herein as Exhibit A is adopted as the Capital Assets Policy of the Town. All policies inconsistent with those set forth in Exhibit A are superseded to the extent of such inconsistency.

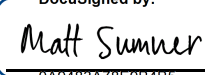
Adopted by the Town Council of the Town of Whitestown, Indiana, on June 14, 2023, by a vote of 4 in favor and \_\_\_\_\_ against.

THE TOWN COUNCIL OF THE TOWN OF  
WHITESTOWN, INDIANA

DocuSigned by:  
  
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Eric Nichols, President

**ATTEST:**

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0A9484A78E9B4B5...  
Matt Sumner, Clerk-Treasurer  
Town of Whitestown, Indiana

4589454

Exhibit A



**WHITESTOWN**  
INDIANA

# Capital Assets Policy

## Fixed Asset Capitalization & Depreciation

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## Town of Whitestown-Capital Assets Policy

**Summary:** All assets meeting the definition of a fixed asset shall be considered a long-term asset and shall be recorded in the Town of Whitestown's Clerk-Treasurer's Office. All departments are responsible to account for and report all long-term assets. Such assets shall be systematically and accurately recorded; properly classified; and adequately documented for reporting purposes. Each department shall establish an internal control structure over capital (fixed) assets, providing reasonable assurance of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

### (A) Capital Assets Responsibilities

To ensure best practices, the following capital assets responsibilities are in place:

- (1) **Capital Investment Planning.** Departments should include estimates by asset type (street portion, streetscape portion, traffic signal or a roundabout portion, etc.) of capital investment projects.
- (2) **Budgeting.** Departments should strive to itemize capital asset acquisitions in their budget by asset type (land, building, equipment, etc.).
- (3) **Tracking.** Departments should maintain a list of their capital assets from acquisition to disposal. The preferred method of tracking is within a computer database. The list should include:
  - a. Asset description
  - b. Asset identifier (address, parcel number, VIN, Serial ID, tag number if applicable, etc.)
  - c. Date of acquisition
  - d. Asset cost or value when acquired
  - e. Estimated useful life
  - f. Date of disposal (in the fiscal year the asset is disposed of, the asset would be removed from the list in the following fiscal year.)
- (4) **Acquisitions.** Acquisitions should strive to be shown by each asset (if 10 vehicles meeting the capital asset criteria are purchased, there should be 10 transactions with each having an asset identifier).
- (5) **Disposals.** Report any assets deemed to be surplus and unneeded by the department so that proper transfer or disposal can proceed. Theft or loss of property should be reported immediately. A police report should be obtained on all losses suspected of being stolen.
- (6) **Reporting.** At least quarterly, departments shall provide their lists to the Clerk-Treasurer's office. All departments are required to prepare and maintain an annual inventory of all assets to the respective department. Departments directors are responsible for the inventories of their respective departments.
- (7) **Review.** At least annually, the Clerk-Treasurer's office will spot-check capital assets. Depending on the capital asset, the Clerk-Treasurer will communicate with the Boone County Assessor's Office as to taxation.

**(B) General Policy.** The purpose of this policy is to guide capital assets and fixed asset capitalization:

- (1) Tracking acquisition to disposal, and
- (2) Reporting in the financial statements following standards established by the Governmental Accounting Standards Board (GASB).

**(C) Definitions and Provisions**

- (1) **Capital Assets.** The Town has various assets. To be a capital asset, three criteria must be met:
  - a. A tangible asset owned by the Town.
  - b. An asset with an initial, individual cost of more than the capital asset threshold (see Capital Asset Threshold Table) for the asset type, and
  - c. an asset with an estimated useful life of two (2) or more years.
- (2) **Capital Outlays.** Expenditures that benefit both the current and future fiscal periods are considered capital outlays. This includes costs of acquiring land or structures, construction or improvement of buildings, structures or other fixed assets, and equipment purchases having an appreciable and calculable period of usefulness. These are expenditures resulting in the acquisition of or addition to the government's general fixed assets.
- (3) **Fixed Assets.** Tangible assets of a durable nature employed in the operating activities of the unit and that are relatively permanent are fixed assets. These assets are not held for sale in the ordinary course of business. This broad group is usually separated into classes according to the physical characteristics of the items (e.g., land, buildings, improvements other than buildings, machinery, equipment, furniture, and fixtures, etc.)
- (4) **Tangible Assets.** An asset that can be observed by one or more of the physical senses is referred to as a tangible asset.

**(D) Capital Assets Categories.** The Town reports five categories of capital assets: Land, Buildings, Improvements, Infrastructure, and Equipment. Each category is further identified by type.

- (1) **Land.** Land is defined as specified land, lots, parcels, or acreage including rights-of-way owned by the Town of Whitestown, its various departments, boards or commissions, regardless of the method or date of acquisition. Easements are not included, as the Town does not own them, but has an interest in land owned by another (i.e. property owner) that entitles its holder to a specified limited use. The land improvements consist of betterments, site preparation, and site improvements (other than buildings) of a permanent nature that ready the land for its intended use. The costs associated with improvements to land are added to the cost of the land. Land and land improvements are inexhaustible assets and do not depreciate over time. The Town will capitalize all land purchases, regardless of cost.
  - a. Land Acquired (excluding right of way). Expenditures for the purchase of land. This includes land where the Town has ownership.
  - b. Exceptions to land capitalization are land purchased outright as easements or rights-of-way for infrastructure. Examples of infrastructure are roads and streets, street lighting systems, overpasses, sidewalks, curbs, parking meters, street signs, and stormwater collection.
  - c. The original cost of land shall include the full value given to the seller including relocation costs, legal services incidental to the purchase (including title work), appraisals and negotiation fees, surveying, and any other costs for preparing the land for

its intended purpose. Also included are contractors and/or Town personnel (salary and benefits) used to demolish buildings, excavation, clean up, and/or inspection.

- d. The Town shall record donated land at fair market value plus all associated costs on the date of the land transfer.
  - e. Purchases made using federal or state funding will adhere to the source funding policies and procedures.
- (2) **Buildings.** A building is a structure that is permanently attached to the land and is not intended to be transportable or moveable. Any structures designed and erected to house equipment services or functions are included. This includes systems, services, and fixtures within the building, as well as attachments such as porches, stairs, fire escapes, canopies, areaways, lighting fixtures, flagpoles, sound equipment, security cameras, lifts and riggings, curtains and staging and all other such units that serve the building. The Town reports three types of capital assets as buildings:
- a. **Buildings Acquired.** Expenditures for acquiring existing buildings.
    - i. A department shall capitalize buildings at full cost with no subcategories, including the cost of attachments. Examples of attachments are heating, cooling, plumbing, lighting, sprinkler systems, or any part of the basic building. The Town will include the cost of items designed or purchased exclusively for the building.
    - ii. Capital building costs shall include land preparation, architectural and engineering fees, bond issuance fees, attorney and financing costs (during construction), accounting costs, and any costs directly attributable to the construction of a building.
    - iii. A department shall record donated buildings at fair market value including associated costs on the date of transfer.
    - iv. Purchases made using federal or state funding shall adhere to the source funding policies and procedures.
  - b. **Building Design and Construction.** Expenditures for design and construction of new buildings. This includes parking garages.
  - c. **Building Improvements.** Building improvements are capital events that materially extend the useful life of a building, increase the value of a building, or both. A building improvement should be capitalized and recorded as an increase in the value of the existing building if the cost of the improvement meets or exceeds the capitalization threshold and increases the estimated useful life. Improvements mean any expenditure greater than the asset type threshold that adds new capacity to an existing building or extends the estimated useful life of an existing building. This includes an addition, a new roof, or a new HVAC system.
    - i. Any department, board, or commission improving or renovating an existing building shall capitalize the cost only if the result meets all of the following conditions:
      - (1) The total cost exceeds \$100,000;
      - (2) the useful life is extended by two or more years;
      - (3) the total cost will be greater than the current book value and less than the fair market value;
      - (4) Repairs and rehabilitation of less than \$100,000 shall be expensed
- (3) **Improvements.** Improvements other than buildings include depreciable improvements and betterments made to land of a permanent nature, other than buildings that add value to land but do not have an indefinite useful life. Expenditures for land improvements that do not deteriorate with use or passage of time are additions to the cost of land and are generally not exhaustible, and therefore not depreciable. The definition of this group includes improvements to land which are attached or not easily removed, and which have a life

expectancy of greater than two years. Examples are walks, parking areas, drives, golf cart paths, fencing, retaining walls, pools, outside fountains, planters, underground sprinkler systems, and other similar items. The Town reports three types of capital assets as improvements:

- a. Roads or drives on Town-owned land that provide support to Town facilities are assets. Sidewalks installed on Town-owned land for use by the public and the support of the Town facility are capital assets.
- b. Parks and Recreation Facilities. Cost of acquisition and improvements to Town parks.
- c. Distribution and Collection Systems. Cost of acquisition and improvements to the Town's sewer, stormwater, and reclaim distribution systems.

The Town shall capitalize repairs or renovations to improvements only if it meets the following conditions:

- i. The total cost exceeds \$35,000; and
- ii. The useful life is greater than two years.

A department shall capitalize improvements or renovations to existing improvements other than buildings only if the result meets the following conditions:

- i. The total cost exceeds \$35,000;
- ii. The asset's useful life is extended by two or more years; and
- iii. The total cost will be greater than the current book value and less than the fair market value.

A department's donated improvements other than buildings shall be recorded at fair market value plus all associated costs on the date of transfer.

- i. Purchases made using federal or state funding shall follow the source funding policies and the aforementioned procedures.
- ii. Historical Cost. The cash equivalent price exchanged for goods or services at the date of acquisition is the historical cost. Land, buildings, equipment, and most inventories are common examples of items recognized under the historical cost attribute.

(4) **Infrastructure.** Infrastructure assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Maintenance and preservation of these assets are expensed in the period incurred. Infrastructure is overseen by Public Works. The Town reports eight types of capital assets as infrastructure:

- i. Drainage. Cost of improving drainage.
- ii. Streets and Roundabouts. Cost of adding, resurfacing, or improving streets.
- iii. Curb and gutter. Cost of adding or improving curb and gutter.
- iv. Gateway Enhancement and Streetscape. Cost designated for adding or improving gateway enhancement and streetscape.
- v. Bridges and Tunnels. Cost of adding or improving bridges and tunnels.
- vi. Sidewalks and Trails. Cost of adding or improving sidewalks and trails.
- vii. Traffic Signals. Cost of acquiring and installing traffic signals.
- viii. Streetlights. Cost installing or improving streetlights.

Infrastructure improvements are capitalized and recorded as an addition of value to the infrastructure if the improvement or additional value meets the capitalization threshold.

- (5) **Vehicles, Machinery and Equipment.** The equipment asset class is used to account for movable items. Supplies are excluded. Machinery and equipment are an apparatus, tool, or conglomeration or pieces to form a tool, or purchased equipment, used in operations. These items can be fixed or movable tangible assets. They will stand alone and not become part of a basic structure or building. The Town shall capitalize and tag items with an individual value equal to or greater than \$5,000. Machinery combined with other machinery to form one unit with a total value greater than \$5,000 will be one unit. Examples of movable items:
- a. Furniture and Fixtures. Expenditures for furniture and fixtures, including office furniture and building fixtures, with a unit, cost more than the capital asset type threshold. Normally, such items would be indoors and would not require power to operate. Examples include chairs, tables, bookcases, and office cubicles.
  - b. Vehicles. Expenditures for on-road rolling stock with a unit cost over the capital asset type threshold, each used to transport persons or objects. May include expenditures for permanent type improvements to new vehicles before placing the vehicle in service for the first time, regardless of cost (e.g., permanent attachments, pickup truck bed covers, bed liners, patrol car light bars, window tinting, etc.). Other examples include trailers, motorcycles, automobiles (e.g., sedans, pick-up trucks, SUVs), and on-road trucks to which the Town affixes a license plate. Does NOT include off-road rolling stock to which the Town does NOT affix a license plate.
  - c. Other vehicles (that may not have a license plate) that must be capitalized include: golf carts, maintenance utility vehicles, lawnmowers, tractors, etc.
  - d. Machinery and Equipment. Expenditures for machinery and equipment with a unit cost over the capital asset type threshold each, are usually composed of a complex combination of parts. Examples include copiers, electronics, power tools, self-contained breathing apparatus, off-road rolling stock to which the Town does NOT affix a license plate, traffic controllers and monitors, and radio equipment. Does NOT include computer hardware and vehicles to which the Town affixes a license plate.
  - e. Computer Hardware. Computer Hardware with a unit cost over the capital asset type threshold.
  - f. Computer Software. Non-recurring cost of computer software with a unit cost over the capital asset type threshold. For internally generated computer software, only costs incurred during the application development stage are considered capital assets.
- (6) **Construction in Progress.** Construction, or development, in progress is a special class of capital asset that is still in the process of construction (tangible) or development (intangible). Depreciation does not begin until the capital assets are substantially ready to be placed in service.

(E) **Capital Asset Thresholds.** Assets purchased, constructed, or received through capital lease or donation must be uniformly grouped into capital asset types. The following table summarizes the capitalization thresholds for the Town's capital asset types. Amounts are capitalized when the cost or value equals or exceeds the applicable threshold amount. Projects will remain open for twelve months after construction is complete to capture any late occurring costs. The threshold is applied to individual items, rather than to the group as a whole. (Ex. Fire hydrants, etc.)<sup>77</sup>



**(F) Capital Asset Threshold Table for Capitalization/Depreciation**

Type	Threshold Amount
Land	Purchase Price/Capitalize only
Land Improvements	\$25,000
Buildings	\$100,000
Building Improvements	\$100,000
Improvements	\$35,000
Construction in Progress	Capitalize only
Infrastructure	\$100,000
Vehicles	\$5,000
Machinery & Equipment	\$5,000

**(G) Capital Asset Costs and Valuation.**

- (1) Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets, donated works of art or similar items, and any capital assets received in service concession arrangements are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life is not capitalized.
- (2) With few exceptions, an asset's cost should also include necessary costs incurred to place the asset in service. Costs include the invoice price plus incidental costs (insurance during transit, freight, capitalized interest, duties, title search, registration fees, installation costs, professional fees, excavation, fill, grading, drainage, clearing, relocation, reconstruction, expenses for remodeling or reconditioning, legal fees, inspections, permits, installation of HVAC, plumbing, or electrical wiring, fencing, irrigation systems, paths and trails, athletic field turf, etc.). Exceptions include interest expenses associated with deferred payments and real estate taxes paid, if any, in the acquisition of property.

**(H) Capital Assets Reporting in the Financial Statements.** Although capital assets are expensed for budget purposes, they are shown as capital assets in the government-wide balance sheet of a financial statement. They are reclassified to capital assets through fiscal year-end worksheet adjustments. Depreciation of these assets is also done by worksheet adjustments. The formula for calculating straight-line depreciation is:  $\text{Straight Line Depreciation} = (\text{Cost of the Asset} - \text{Estimated Salvage Value}) / \text{Estimated Useful Life of an Asset}$

- (1) Depreciation. Depreciation is the systematic and rational allocation of net cost (cost less estimated residual value) over the depreciable asset's estimated useful life. The Town calculates depreciation on a straight-line basis over the estimated useful life. The Town begins depreciation in the first month of use for a full month, or if the starting month is not known, depreciation is assumed for ½ of the fiscal year of implementation.
- (2) For infrastructure, the Town utilizes a modified approach. Under the modified approach, depreciation expenses are not recorded for infrastructure capital assets that meet certain condition requirements. Land acquired, easements acquired, and drainage are not depreciated.
- (3) Salvage. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal its original cost

less salvage value. The salvage value is the amount for which the asset could be sold at the end of its useful life. The Town determines salvage value on an asset-by-asset basis.

**(I) Estimated Useful Life of Town Assets Table.** The Town uses the following estimated life schedule for its capital assets:

<b>Capital Asset Type</b>	<b>Estimated Life (Years)</b>
<b>LAND</b>	
Land Acquired	Capitalized only/Not depreciated
Easements Acquired	Capitalized only/Not depreciated
<b>BUILDINGS</b>	
Buildings Acquired	50 or fewer years since built
Building Design & Construction	50
Building Improvements	25
Building Components (HVAC systems, roofing)	20
<b>IMPROVEMENTS</b>	
Parks & Recreation Facilities (playground, shelters)	10-20
Leasehold Improvements	Useful life of asset or lease term (whichever is shorter)
Land Improvements-structure or groundwork (athletic fields, parking lots, fencing, landscaping)	20
<b>INFRASTRUCTURE</b>	
Drainage	50
Streets	50
Curb & Gutter	40
Gateway Enhancement & Streetscape	25
Bridges & Tunnels (road bridges)	40
Bridges & Tunnels (pedestrian bridges)	30
Sidewalks	30
Traffic Signals	35
Streetlights	25
<b>EQUIPMENT</b>	
Furniture, Fixtures	5 years
Office Equipment (Copiers, scanners, etc.)	5 years
Vehicles*	5-10 years (based on use or warranty)
Machinery	5-15 years (based on use or warranty)
Grounds Equipment (Mowers, tractors, attachments)	15
Computer Hardware	3-10
Computer Software	3-10
Security Cameras	10

\*Fire Apparatus Expected Life is up to 15 years

- (1) Capital Leases. Some capital assets are acquired and owned by the Town but the full acquisition price may not be immediately paid in full. Leased equipment should be capitalized if the lease agreement transfers ownership of the property to the lessee by the end of the lease term, or 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. The payments may occur over multiple years. For these types of purchases, each payment will be expensed. Leases that do not meet the criteria are considered operating leases.

- (2) Construction in Progress. Construction in Progress (CIP) is an asset account that represents the temporary accumulation of costs, such as labor, materials, equipment, and any ancillary charges directly attributable to the construction of the project. Once the asset is complete and placed into service, the costs are classified in the appropriate capital asset category. This concept would be the same for buildings, infrastructure, or internally generated assets.
- (3) Exceptions are:
  - a. Items costing less than the limits described 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 after 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 even though the cost of individual items is less than such units; and
  - c. Cabinets, shelving, bookcases, and similar items, added after the original construction, which are custom-made for a specific place and adaptable elsewhere, will be capitalized.

**(J) Capital Assets Purchased with Grant Funds.** When Federal grant funds are used to purchase capital assets, compliance with the applicable subparts of Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in the Code of Federal Regulations is required. All grant types typically have requirements specified in the Grant Award Letter with which the Town must comply.

**(K) Asset Acquisition, Transfer, and Disposal.** The following procedure must be observed for all acquisitions, transfers, and disposals of assets: complete any requisite forms, obtain the signature of the department head and forward the completed documentation to the Director of Operations/Clerk-Treasurer for recording or recordkeeping purposes.

**(L) Reporting of Fraud.** Any Town employee who suspects the misappropriation of capital assets should report the alleged misappropriation to the Human Resources Department, Town Manager, and Clerk-Treasurer.

**(M) Assets Other Than Capital Assets Defined.** All assets are not capital assets. The Town has two other asset classifications not included in capital assets:

- (1) Departmental Non-Capital Assets. These are items in use (equipment, furniture, fire hydrants, etc.) that individually do not meet the capital asset criteria. At the discretion of the Town's Clerk-Treasurer, if an asset inventory purchase total does not meet or exceed the Capital Asset Threshold, the purchase may be reviewed as necessary for potential depreciation as a capital asset.
- (2) Financial Inventory. Only single items valued at more than \$5,000 will be inventoried. We do not schedule bulk items for inventory.

**(N) Capital Asset Coding.** Like other costs, capital asset costs are expensed in all funds. A 12-digit code should be used for internal capital asset reporting.

The first three digits are 472 (Capital Outlays), the second three digits will indicate the department; the third set corresponds to one of the following codes, and the last three digits indicate an inventory number (001-999):

Type	Last three digits
Land	001
Buildings	002
Improvements	003
Infrastructure	004
Equipment	005

If capital assets are sold, proceeds from the sale will be recorded in the appropriate revenue account. This should be reported immediately to the Clerk-Treasurer's Office. The correct fund is the department with ownership of the asset.

**(O) Capital Asset Reductions.** Capital Assets no longer owned or in possession of the Town shall be removed from the capital asset records. There are three reasons for an asset reduction:

- (1) Sold and/or Retired—these assets will be removed from the capital asset records upon formal notification from the responsible part of such disposition. Town policy regarding the sale/disposal of surplus equipment will be followed.
- (2) Transferred Assets—Assets that are transferred to proprietary (business-type) funds will be accounted for separately from the governmental activities of the Town and will be removed from the capital asset records (about governmental activities) upon transfer to a proprietary fund (i.e., the asset will be accounted for in the proprietary fund).
- (3) Missing—Assets not seen for two consecutive annual periods will be classified as missing and will be removed from the capital asset records upon formal notification. These assets no longer will be searched for in regular annual inventories. However, if an asset is located at some time in the future, it will be reactivated in the system.

**(P) Reporting Procedures.** The Clerk-Treasurer's Office may implement other policies, procedures, and changes as necessary to this policy. Each department is responsible for reviewing its business practices and processes for capital assets and determining where risks exist and where and how controls can be established to mitigate these risks, however, employees should be referred to the "Policy for Reporting Materials Variances."

- (1) Exceptions to Policy/Reporting of Exceptions: If a capital assets situation arises that is not covered within this policy, the Clerk-Treasurer will authorize the method of handling. The capital assets exception will be reported at the next available Council meeting.

**(Q) Conflict with Indiana Law.** Notwithstanding the foregoing, if any of these policies conflict with Indiana law, they shall be deemed to be void pending further corrective action, but the rest of the compliant sections of the policy shall remain unaffected.

### **Policy for Reporting Material Variances**

(a) All erroneous or irregular variances, losses, shortages, or thefts of Town funds or property, or funds or property the Town holds in trust, shall be promptly reported to the direct supervisor of the employee who identifies the issue. The supervisor shall then report the same to the Town Manager and their counsel.

(b) Written notice shall immediately be sent to the State Board of Accounts and the appropriate prosecuting attorney's office of any erroneous or irregular variances, losses, shortages, or thefts of cash and non-cash items over \$5,000 real or estimated market values, except for inadvertent clerical errors or misplacements that are identified timely and corrected promptly with no loss to the Town, and except for losses from genuine accidents.

(c) Written notice shall immediately be sent to the State Board of Accounts and the appropriate prosecuting attorney's office when a public officer has actual knowledge or reasonable cause to believe there has been a misappropriation of public funds or assets.

(d) For erroneous or irregular variances, losses, shortages, or thefts that do not meet the criteria specified in subsections (b), and (c), the Town Manager, Clerk-Treasurer, Council, and their legal counsel shall meet in executive session to discuss the matter pursuant to Indiana Code 5-14-1.5-6.1(b)(2)(B). The discussion will determine if it is in the best interest of the taxpayers of Whitestown to seek recovery of the funds or that recovery should not be pursued because the cost of recovery of the asset is reasonably estimated to exceed the cost of said asset.

(e) All erroneous or irregular immaterial variances, losses, shortages, or thefts of cash or non-cash items shall be documented and resolved. The Clerk-Treasurer and Department of Human Resources shall maintain the documents as may be required under State law.