

RESOLUTION NO. 961

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS CREATING A CAPITALIZATION POLICY FOR CAPITOL ASSETS OF THE CITY OF LA MARQUE, TEXAS

WHEREAS, there is a need to establish a capitalization policy for auditing purposes; and

WHEREAS, there is a need to set standards of accounting for the City of La Marque assets according to Government Accounting Standards Board Statement 34 with regard to categories and threshold amounts to be capitalized.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF LA MARQUE, TEXAS that:

SECTION 1. Capitol assets categories and thresholds will be:

Land/land improvement	Any Amount
Building/building improvements	\$25,000.00
Facilities and other improvements	\$25,000.00
Infrastructure	\$25,000.00
Personal property	\$ 5,000.00
Leasehold improvements	\$25,000.00

SECTION 2. For clarification purposes of this policy the above items are generally defined as, but not expressly limited to the following definitions:

Land/land improvements is the purchase price or fair market value at time of gift, any commissions, professional fees, land excavation, fill, grading, drainage, demolition of existing building (less salvage), property removal (relocation or reconstruction) of others (railroad, telephone, and power lines), date of purchase accrued mortgage interest and any unpaid taxes and right of way cost.

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls. A building improvement must extend the life of the building or increase the value of the building. Examples of capitalized building improvements are structural changes and installation or upgrade of roofing, heating and cooling systems, electrical, etc.

Facilities are considered to be assets built, installed or established to enhance the quality or facilitate the use of land for a specific purpose. Facility improvements are considered to be fencing, landscaping, parking lots, recreation areas, septic systems, and pavilions.

Infrastructure is usually considered stationary and can be preserved for a significantly greater number of years than most capitol assets. They are often linear and continuous in

nature. Infrastructure improvements should extend the useful life and/or increase the value by twenty-five percent (25%) of the original cost or life period. Examples of infrastructure are streets, curbs, gutters, sidewalks, fire hydrants, bridges, dams, drainage facilities, radio towers, water main and distribution lines, light systems and signage.

Personal property is fixed or movable tangible assets to be used for operations that the life of extends beyond one year. Examples of personal property are vehicles, other motor vehicles, furnishings and equipment.

Leasehold improvements are the construction of new buildings or improvements made to existing structures by the lessee, who has the right to use these leasehold improvements over the term of the lease.

PASSED, APPROVED AND ADOPTED this 14th day of April 2003.



Larry E. Crow, Sr.
Mayor

ATTEST:



Bonnie Smith
City Clerk