

RESOLUTION NO. 336

A RESOLUTION ADOPTING A FIXED ASSET CAPITALIZATION POLICY FOR THE TOWN OF STEVENSVILLE, MONTANA

WHEREAS, the Town Council adopted Resolution No. 323 on October 10, 2013, containing the a set of Fiscal Policies for the Town of Stevensville; and

WHEREAS, an additional policy containing the method of capitalization of fixed assets is needed to compliment the Fiscal Policies for planning long-term capital improvements and acquisitions for the Town; and

WHEREAS, the proper reflection of the Town's capital assets, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, is now required by the Montana Department of Administration; and

WHEREAS, the information on the Town's public investments in fixed assets is necessary to properly certify values for long-term debt financing; and

WHEREAS, the true value of the Town's fixed assets and inventory is needed to properly complete the Town's regular audits and will assist in the annual review and evaluation of assets for insurance purposes.

NOW, THEREFORE, BE IT RESOLVED that the Town of Stevensville hereby establishes the following the criteria for capitalizing a fixed asset.

- (1) A fixed asset is property that meets all of the following requirements:
 - (a) Must be tangible in nature
 - (b) Must be of a relatively permanent nature
 - (c) Must be of significant value
- (2) All assets costing less than \$5,000.00 shall be expensed in the fiscal year of purchase or acquisition, as authorized by GASB. Assets that are to be capitalized will be carried in a Fixed Assets Account of the Town of Stevensville – by fund type, i.e., General Fund and Enterprise Fund – and depreciated, as appropriate.

BE IT FURTHER RESOLVED that the following values will be used for determining when to inventory or capitalize fixed assets:

<u>Class of Fixed Asset</u>	<u>Expensed</u>	<u>Capitalized</u>
Small Non-capitalized Equipment & Machinery	≤\$4,999.99	
Equipment & Machinery, Infrastructure, Land		≥\$5,000.00

BE IT FURTHER RESOLVED that all equipment and machinery, buildings, improvements other than buildings, and infrastructure be depreciated with calculations based on a straight-line method. The useful life of the assets will be as follows:

<u>Class of Fixed Asset</u>	<u>Useful Life</u>
Land	Unlimited, Not Depreciated
Equipment and Machinery	5 - 20 Years
Buildings	20 - 50 Years
Improvements Other Than Buildings	10 - 50 Years
Infrastructure	5 - 50 years

Passed and adopted by the Town Council of the Town of Stevensville, Montana, this 27th day of February, 2014.

Approved:



Gene Mim Mack, Mayor

Attest:



Stacy Bartlett, Town Clerk