

RESOLUTION 2016-05

A RESOLUTION ADOPTING A REVISED CAPITAL ASSETS POLICY

WHEREAS, the City Council has reviewed the Financial Policy for Capital Assets;

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS
FOLLOWS:**

Section 1. The Town of Hudson Capital Assets Policy as specified below is hereby adopted.

TOWN OF HUDSON CAPITAL ASSETS POLICY

1. Policy Objective:

To establish procedures to ensure the proper safeguarding, handling and reporting of City-wide capital assets.

2. Overview:

The Town will maintain a capital asset management system that will meet the external financial reporting requirements and the needs of the Town in line with these guidelines.

Per GASB 34:

Capital Assets are defined as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending a single reporting period.

Infrastructure Assets are defined as long-lived capital assets that normally are stationary in nature and normally can be presented for a significantly greater number of years than most capital assets. Examples include roads, bridges, drainage system, water and sewer systems and lighting systems.

3. Capitalization:

In general, all capital assets, including land, buildings, vehicles, infrastructure, machinery and equipment with an original cost of \$3,000 or more an expected useful life of five years or more, will be subject to accounting and reporting. All costs with the purchase or construction should be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. Specific capitalization requirements are described below.

- **The capitalization threshold is applied to individual units of capital assets.** *For example, ten desks purchased through a single purchase order, each costing \$1,000 will not qualify for capitalization even though the total (\$10,000) exceeds the threshold of \$3,000.*
- **For purposes of capitalization, the threshold will generally not be applied to components of capital assets.** *For example, a keyboard, monitor and central processing units, purchased as components of a computer system, will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single fixed asset provided the entire system meets the \$3,000 threshold.*
- **Repairs to existing capital assets will not be subject to capitalization unless it extends the useful life of the asset.** *In this case, it represents an improvement and is subject to the requirements described below.*
- **Improvements to existing capital assets will be presumed (by definition) to extend the useful life of the related fixed asset, and, therefore will be subject to capitalization only if the cost of the improvement meets the \$3,000 threshold.**
- **Capital projects will be categorized as Construction In Progress until project is substantially complete, accepted and placed into service.** *At that point the costs will be capitalized into the appropriate asset classification.*

4. Acquisition of Capital Assets

Capital assets may be acquired through direct purchase, construction, eminent domain, donations and gifts. When a capital asset is acquired, the funding source will be identified in the appropriate fund. Additionally the fund type will be identified as well as the specific fund.

5. Measuring the Cost and/or Value

Capital assets are recorded at their historical cost, which is the original cost of the asset. Contributed capital will be valued at the fair market value at the time of donation. Costs include purchase price (less discounts) and any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for service.

6. Depreciation

The Town will record depreciation expense on all capital assets, except for land. The Town will use straight-line depreciation. Depreciation will be calculated over the useful life of the asset.

7. Recommended Lives

The Town has established recommended useful lives for capital assets.

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and Improvements	20 – 50 years
Office Equipment and Furniture	5 – 10 years
Vehicles and Equipment	5 – 20 years
Infrastructure and Improvements	10 – 50 years
Software	5 – 10 years

8. Physical Inventories

The Town performs a physical inventory of moveable assets annually. In general, inventory control is applied only to movable capital assets and not to land, buildings, or other immovable capital assets

9. Disposal

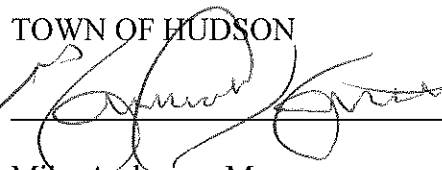
Bi-Annually a list of surplus, damaged or inoperative equipment is compiled and sent to approval to the Town Council. The list is distributed to the departments within the Town for transfers. The remaining list is published for bids. All bids are compiled by the Town Clerk. Any equipment not sold is then disposed in accordance with the Municipal Code.

Effective Date: 11/9/2016

PASSED, APPROVED AND ADOPTED the 9th day of November, 2016.

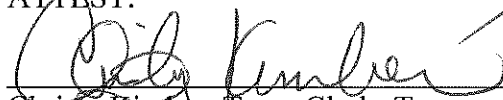
TOWN OF HUDSON

BY:



Mike Anderson, Mayor

ATTEST:

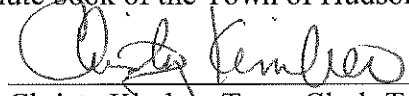


Christy Kimber, Town Clerk -Treasurer

STATE OF WYOMING)
) ss.
COUNTY OF FREMONT)

CERTIFICATE

I, Christy Kimber, hereby certify that the foregoing Resolution was adopted by the Town Council of the Town of Hudson by a unanimous vote at a regular meeting held on November 9, 2016 and that the meeting was held according to law; all council members were present; and that the said Resolution has been duly entered in the minute book of the Town of Hudson.



Christy Kimber, Town Clerk-Treasurer