

Resolution # 22-03-11-1

RESOLUTION ESTABLISHING THE CREATION OF A
CAPITAL ASSETS POLICY FOR THE TOWN OF BORDEN

WHEREAS, the Town Council of the Town of Borden wishes to help facilitate the preparation of financial statements in conformity with generally accepted account principles,

WHEREAS, the Town Council desires to adopt a Capital Assets Policy for use within the Town of Borden to assist with these efforts,

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE TOWN OF BORDEN that the following become practice within the Town of Borden upon passage of the resolution for the calendar year 2022, and every year thereafter until amended or dissolved:

CLASSIFICATION OF ASSETS

Capital assets are personal and real property used in the operations of the government that have an expected estimated useful life beyond a single period. Capital assets are to include any item that falls into one of the following categories:

- I. Land
- II. Land Improvements
- III. Buildings
- IV. Machinery and Equipment
- V. Vehicles
- VI. General Infrastructure
- VII. Construction in Progress

CAPITALIZATION THRESHOLDS

To be considered a capital asset for financial reporting records, an item must be at or above the capitalization threshold and have a unit historical cost of \$5000 or more. Assets will remain part of the property record until they are retired or are disposed of, sold, traded in, etc. regardless of net book value amount.

The capitalization threshold for the following classes of assets shall be:

I.	Land	N/A
II.	Land Improvements	\$5,000
III.	Buildings	\$5,000
IV.	Machinery and Equipment	\$5,000
V.	Vehicles	\$5,000
VI.	General Infrastructure	\$5,000
VII.	Construction in Progress	N/A

With regard to improvements to buildings and general infrastructure, a capital outlay must be significant and increase capacity, increase efficiency, or extend the asst's estimated useful life beyond the original expectation.

HISTORICAL COST OR ESTIMATED HISTORICAL COSTS

Capital assets are recorded at historical cost which includes any ancillary charges necessary to place the asset into its intended location and condition for use.

Ancillary charges include, for example, freight and transportation charges, site preparation costs, and professional fees. Engineering costs include related preliminary project and environmental studies; project estimating, design, and planning (drawings & specifications); and construction engineering, construction management, construction inspection and project payment. Donated capital assets are recorded at their estimated fair value at the time of acquisition.

RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

The Town Marshal, Parks Board President, and Sewer Plant Operator shall provide a current inventory list of all Town of Borden capital assets to the Clerk-Treasurer annually by December 1st of each year. The Clerk-Treasurer will ensure that reporting for capital assets is being exercised by establishing a Master Capital Asset Inventory, both initially and periodically in subsequent years. The Clerk-Treasurer will further ensure that the capital assets report will be updated annually to reflect all improvements, additions, retirements, and transfers to reflect the new, annual capital asset balance for financial reporting purposes and said deadlines.

RESOLVED AND ADOPTED this 3-11-22

FOR:

AGAINST:

Paul Brewer
Board President

Board President

John Hayes
Board Vice President

Board Vice President

Ruth Sparks Sr.
Board Secretary

Board Secretary

ATTEST:

Meady Holmes
Clerk-Treasurer