

RESOLUTION NO. 2009-04

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PAYETTE, IDAHO,
ADOPTING A CAPITALIZATION POLICY**

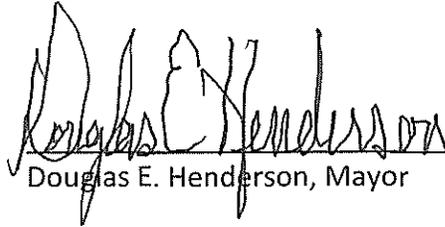
WHEREAS, the Governmental Accounting Standards Board issued Pronouncement #34 which requires governmental entities to capitalize and report Fixed Assets on the annual audited financial statements, and

WHEREAS, it is desirable to adopt a Capitalization Policy so that readers and users of the City's financial statements will be aware of the decisions made regarding the accounting for all fixed assets especially in the areas where the accounting standards allow for discretion, and

WHEREAS, the Administration and City Auditor have reviewed a Capitalization Policy and now recommends that the City Council adopts said policy;

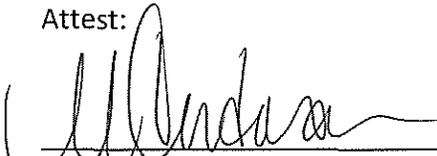
NOW, THEREFORE, BE IT RESOLVED by the Payette City Council that the attached Capitalization Policy is hereby adopted and that all audited financial statements, beginning with the September 30, 2009 fiscal year report, should reflect the parameters of this policy.

Passed by the Payette City Council and approved by the Mayor on this 2nd day of March, 2009.



Douglas E. Henderson, Mayor

Attest:



Mary Cordova, City Clerk/Treasurer

CITY OF PAYETTE CAPITAL ASSET CAPITALIZATION POLICY

General: The City holds certain capital assets which include land, buildings, building improvements, vehicles, machinery, equipment, furniture, appliances, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single annual reporting period, and;

These assets must be accounted for at historical cost or estimated historical cost and fairly represented in the City of Payette's annual audit, in accordance with current standards as established by the State of Idaho and the Governmental Accounting Standards Board ("GASB").

Procedures:

- 1) Capital assets are to be capitalized only if they have estimated useful lives of at least two years following the date of acquisition.
- 2) Capital asset value thresholds for capitalization are to be applied to individual capital assets rather than to individual capital assets rather than to groups of similar capital assets.
- 3) Capital assets to be capitalized must have an initial value of \$5,000 or more. This will be known as the "capitalization threshold" for reporting purposes in the City's audit, as is defined in GASB 34.
- 4) Capital asset having values of \$250 to \$5,000 are to be controlled at the department level for insurance and inventory reporting purposes. However, these capital assets will not be capitalized and will not be reported as capital assets in the City's audit.
- 5) Value estimates of capital assets required to be reported, but for which no historical documentation is available due to past accounting practice, shall be reviewed by the City auditor in accordance with the State of Idaho and GASB requirements.
- 6) An inventory of capitalized assets is to be kept, annually reconciled and reported in the City's audit.

<ul style="list-style-type: none"> • Bleachers • Fencing & Gates • Fountains • Irrigation/Sprinkler Systems • Landscaping/Streetscape • Outdoor Lighting • Parking Lots – Asphalt or concrete • Playground Equipment • Pool Equipment/Furnishing • Retaining Walls • Sidewalks • Signage – Decorative • Tennis Courts • Trails 		
Buildings <ul style="list-style-type: none"> • Brick & Mortar or Frame Construction • Pole Buildings/Sheds 	40	0
Building Improvements <ul style="list-style-type: none"> • Electrical/Plumbing • Elevators • Floor Covering Replacement –Carpeting or Tile • Heating & Cooling • Interior Construction • Interior Renovations (including ceilings) • Roofing • Security Systems • Sprinkler Fire Suppression Systems 	15	0
Furniture & Equipment		
<ul style="list-style-type: none"> • Appliances 	7	0
<ul style="list-style-type: none"> • Audio Visual Equipment 	7	0
<ul style="list-style-type: none"> • Business Machines 	7	0
<ul style="list-style-type: none"> • Office Furniture 	7	0
<ul style="list-style-type: none"> • Communication Equipment – radio, pager, telephone systems 	7	0