

**RESOLUTION NO. 1320**

**A RESOLUTION ADOPTING UPDATED CAPITALIZATION RULES; AND  
REPEALING RESOLUTION 780**

**WHEREAS**, by Resolution No. 780, the Canby City Council, adopted capitalization threshold rules; and

**WHEREAS**, the City requests the Council to adopt updated rules attached as “Exhibit A”, which supersede the rules established in Resolution No. 780, and repeal Resolution No. 780.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** by the Canby City Council, as follows:

1. The City Council hereby adopts Resolution No. 1320 with “Exhibit A” to establish updated Capitalization rules.
2. Resolution No. 780 is hereby repealed.

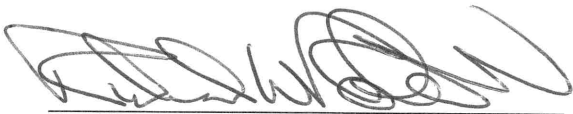
This resolution shall take effect on July 17, 2019.

**ADOPTED** by the Canby City Council, at a regular meeting thereof on July 17, 2019.



Brian Hodson  
Mayor

ATTEST:



Rick Robinson  
City Recorder Pro-Tem



<b>CANBY FINANCE MANUAL</b>	<b>Policy</b>
City of Canby Finance Department	Effective Date: 07/17/2019
Chapter: <b>Capital Assets</b>	Page: 1 of 1
Section: <b>Capitalization and Classification</b>	Approval: City Council

**PURPOSE:** The purpose of this policy is to ensure that the process of capitalization of assets is done in a consistent manner that complies with GASB and GAAP standards.

This policy was included in Resolution 780 which is being superseded with Resolution 1320 effective July 17, 2019.

**DEFINITION:** Capital assets are typically assets that are long-term in nature (i.e. will yield benefits in future years) and not held for resale.

<u>Capital Assets</u>	<u>Non-Capital Assets</u>
Land	Inventory
Intangibles (easements)	Cash and securities
Construction work in progress	Materials to be consumed in operations
Infrastructure	Items costing less than \$5,000
Buildings and Improvements	
Machinery & Equipment	
Licensed Vehicles	

**POLICY:** The City will capitalize all individual assets with a cost of Five-Thousand Dollars (\$5,000) or more that have an estimated useful life of two years or more.

Components of larger assets will be capitalized individually, (i.e. the roof on a new building or HVAC system would be separate assets from the building itself).

Asset improvements provide additional value by either 1) lengthening a capital asset's estimated useful life or 2) increasing a capital asset's ability to provide service (i.e., greater effectiveness or efficiency). Any asset improvement \$5,000 or more that meet one or both of these criteria will be capitalized.

Capital assets are stated at cost, which includes capitalized labor, interest and certain overhead costs for internally constructed assets or estimated historical cost when original cost is not available, or the estimated fair market value at the time received in the case of gifts or projects constructed by others and accepted for ownership and maintenance by the City. Maintenance and repairs are expensed as incurred.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

Disposals of assets shall be done in accordance with the Disposal of Surplus Property Policy.

**REPORTING:** Assets within the capitalization threshold will be reported on the annual audited financial statements of the City in accordance with Governmental Accounting Standards Board requirements.