

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JOSHUA, TEXAS AMENDING THE CAPITALIZATION POLICY FOR CAPITAL ASSETS OF THE CITY OF JOSHUA, TEXAS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, there is a need to amend the capitalization policy for budgeting and auditing purposes; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF JOSHUA, TEXAS that:

SECTION 1. Capital assets categories and thresholds will be:

Land	Any Amount
Construction in progress	Any Amount
Buildings	\$ 5,000.00
Improvements	\$ 5,000.00
Infrastructure	\$ 5,000.00
Equipment	\$ 5,000.00
Right-to-use lease equipment	\$ 5,000.00

SECTION 2. For clarification purposes of this policy the above items are generally defined as, but not expressly limited to the following definitions:

Land acquired and intended for public use by the City will be capitalized. The amount to be capitalized is the actual cost at the time of acquisition. Actual cost includes purchase price and any fees for related services such as commissions, surveying fees, appraisal and negotiation fees, professional fees of engineers, attorneys, appraisers and financial advisors, damage payments, title preparation costs, site preparation costs, cost to demolish unwanted structures (less salvage) and property removal (relocation or reconstruction) of others.

Construction in progress is used to account for amounts expended on an incomplete asset. Once the asset is complete, related costs are transferred from the construction in progress class to the applicable asset class.

A building is a structure that is permanently attached to the land, has a roof, and is partially or completely enclosed by walls. Capitalized original cost on a constructed building will include the cost of constructing the asset, architects' fees, engineers' fees, permits, insurance, and administrative costs during construction.

Improvements are considered assets built, installed, or established to enhance the quality or facilitate the use of land for a specific purpose. Improvements include fencing, landscaping, parking lots, recreation areas, and pavilions.

Infrastructure is usually considered stationary and can be preserved for a significantly greater number of years than most capital assets. It is often linear and continuous in nature. Examples of infrastructure are streets, curbs, gutters, sidewalks, fire hydrants, bridges, tunnels, drainage facilities, radio towers, light systems, and signage.

Equipment is fixed or movable tangible assets to be used for operations that the life of at least two years. Examples of equipment are vehicles, off-road equipment, office equipment, computer equipment, furniture, and fixtures. Equipment assets are valued at actual cost including ancillary charges. Ancillary costs considered in determining the value of these assets include transportation charges, installation costs and extended warranty contracts or any other normal or necessary costs required to place the asset in its intended location and condition for use.

Right-to-use leased equipment is equipment that the City has the right to use over the life of a lease. The value is determined by the lease liability plus any lease payments made to the lessor at or before lease commencement, less any lease incentives received, plus any initial direct costs incurred by the City.

This resolution shall take effect immediately after its passage on the date shown below.

PASSED, APPROVED AND ADOPTED this 21st day of September, 2023.

Scott Kimble
Mayor

ATTEST:

Alice Holloway
City Secretary