

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

APPROVE AND ADOPT RESOLUTION NUMBER 2008-34, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY REVISING OUR CAPITALIZATION THRESHHOLD POLICY TO INCLUDE AN APPROPRIATE CAPITALIZATION THRESHOLD FOR INFRASTRUCTURE CAPITAL ASSETS

Summary Statement:

In April 2006, the Town adopted Resolution 2006-12 in order to be in compliance with requirements for governments when filing their Comprehensive Annual Financial Report (CAFR). Resolution 2006-12 established a policy for capitalization thresholds for capital assets. Currently, capital assets in excess of \$5,000 are capitalized with no distinction for Infrastructure Capital Assets. Staff is requesting that we formally amend our policy with regards to Infrastructure Capital Assets to reflect a threshold of \$100,000.

Recommended Action:

Approve and Adopt Resolution Number 2008-34 A Resolution of the Town Council of the Town of Apple Valley Amending our Capitalization Threshold for Capital Assets to include a \$100,000 limit for Infrastructure.

Proposed by: Finance Department Item Number _____

T. M. Approval: _____ Budgeted Item Yes No N/A

RESOLUTION NO. 2008-34

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
APPLE VALLEY REVISING OUR CAPITALIZATION
THRESHOLDS TO INCLUDE A \$100,000 LIMIT FOR
INFRASTRUCTURE**

WHEREAS, the Town of Apple Valley previously adopted Resolution 2006-12 adopting a policy for appropriate capitalization thresholds for capital assets; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that the following be considered:

- Tangible capital-type items should only be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.
- Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables).

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AS FOLLOWS:

Section 1. The Capitalization Threshold for Capital Assets is amended to include Infrastructure Assets valued at \$100,000.00 or more.

Section 2: Recording. The Town Clerk shall certify to the adoption of this Resolution and shall cause this Resolution to be entered into the Book of Resolutions of the Council of this Town.

PASSED, APPROVED AND ADOPTED this 24th day of June, 2008.

MAYOR

Attest:

TOWN CLERK