CITY OF BLANCO
RESOLUTION NO. 2022-R-004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLANCO, TEXAS, ADOPTING A CAPITALIZATION POLICY AND SEVERABILITY CLAUSE.

WHEREAS, it is required that the City of Blanco, Texas has a capitalization policy;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BLANCO, TEXAS, THAT:

1. Purpose

   This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in City of Blanco's annual financial statements (or books).

2. Capital Asset definition

   A "Capital Asset" is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of $5000 or more. Capital Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.

3. Capitalization thresholds

   City of Blanco establishes $5000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in City of Blanco's financial statements (or books).

4. Capitalization method and procedure

   All Capital Assets are recorded at historical cost as of the date acquired.

   Tangible assets costing below the aforementioned threshold amount are recorded as an expense for City of Blanco's annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

5. Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.

SEVERABILITY: If any clause, or portion of a clause, in this resolution is considered invalid under state or other law, it shall be regarded as stricken while the remainder of this resolution shall continue to be in full effect.

PASSED AND APPROVED this the ___9___ day of August 2022.

THE CITY OF BLANCO, TEXAS

Rachel Lumpee

Rachel Lumpee, Mayor

ATTEST:

Laurie Cassidy

Laurie Cassidy, City Secretary