

RESOLUTION #813

A RESOLUTION ESTABLISHING A CAPITALIZATION POLICY FOR THE CITY OF POLSON,

WHEREAS, a Fixed Asset is property that meets all of the following requirements:

- 1) Must be tangible in nature
- 2) Must have longer useful life than the current fiscal year
- 3) Must be of significant value

WHEREAS, significant values shall be established as follows:

- 1) Equipment and Machinery\$5000.00
- 2) Buildings\$5000.00
- 3) Improvements Other Than Buildings\$5000.00
- 4) LandAll Costs

WHEREAS, asset value for donations would be fair market value at the time of the donation.

WHEREAS, purchased asset value would be the initial cost plus all cost related to the placing of the asset into operation.

WHEREAS, maintenance costs are those expenditures which are necessary to keep an asset in its intended operating condition but which do not materially increase the value or physical properties of the asset. Maintenance costs are never to be capitalized.

WHEREAS, additions refer to a physical extension of an existing asset or the acquisition of an entirely new asset which does not replace an existing asset. Additions should be capitalized at cost when acquired or when construction is completed.

WHEREAS, betterments exist when a part of an existing asset is replaced by another, and the replacement provides a significant increase in the life or value of the asset. The

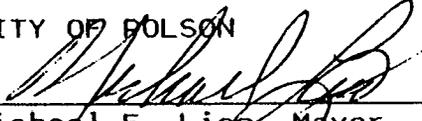
amount to be capitalized when a betterment is determined should be the difference between the cost of the new asset and the cost of the asset which it replaces.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Polson, Montana that these guidelines be established for the City's Fixed Asset Capitalization Policy.

REPEALING CLAUSE: All resolutions or parts of resolutions in conflict herewith are hereby repealed. (Resolution #532 and #756)

PASSED AND APPROVED this 5th day of March, 2001.

CITY OF POLSON



 Michael F. Lies, Mayor

ATTEST:



 Aggi G. Loeser, City Clerk