

East Bay Charter Township

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Amendment of East Bay Charter Township Capitalization Policy

Motion by; _____ second by; _____

To

Approve

Table

Deny

the amendment of East Bay Charter Township Capitalization Policy increasing the value for equipment, machinery and furniture class from \$1,000 to \$5,000 for method of recording capitalization and depreciation.

Upon Roll Call Vote the following board members responded:

Ayes: _____

Nays: _____

Absent: _____

Abstain: _____

Passed

Failed

Sue Courtade

From: jyoung@upnorthlaw.com
Sent: Wednesday, May 28, 2008 8:05 PM
To: 'Sue Courtade'
Cc: 'Glen Lile'; 'Tracey Bartlett'
Subject: RE: revision to Capitalization Policy

I like the proposed capitalization policy. It is clear and makes sense to me. Good job!

James G. Young
Attorney at Law
mobile: 231 288-7700

From: Sue Courtade [mailto:ebtclerk@chartermi.net]
Sent: Tuesday, May 27, 2008 11:31 AM
To: jyoung@upnorthlaw.com
Cc: Glen Lile; Tracey Bartlett
Subject: revision to Capitalization Policy

Jim,

Will you take a minute to review the Capitalization Policy. When we sat down with the auditors we discussed increasing the value for the Equipment, machinery and furniture class from \$1,000 to \$5,000.

We would like to adopt this at our June 9, 2008 board meeting.

Thanks!

Sue

*Susanne M. Courtade, Clerk
East Bay Charter Township
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Traverse City, MI 49686
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ebtclerk@chartermi.net*

East Bay Charter Township
Capitalization Policy

East Bay Charter Township tracks and records Capitalized Assets thru the straight line depreciation schedule for fixed assets;

Requiring that all the following requirements are met:

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

Fixed assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be recognized at Fair Market Value at the time of the donation. The asset value, when purchased, will be the initial cost plus trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include both the materials used and the cost of labor involved in the construction of the asset.

The following significant values will be used for different classes of assets:

Equipment, machinery and furniture:	\$5,000 or more
Buildings and building improvements:	\$5,000 or more
Improvements other than buildings:	\$5,000 or more
Land:	any amount

Capitalized assets will be depreciated using the straight line method over the following estimated useful lives:

Land:	No Depreciation
Land Improvements:	20 years
Buildings:	40 years
Building improvements:	25 years
Furniture and fixtures:	10 years
Equipment:	5 years
Vehicles:	10 years

This policy was presented to the Township Board of Trustees for approval at the June 9, 2008 regular board meeting.

Adopted: _____.

Susanne M. Courtade, Clerk Date

Glen Lile, Supervisor Date

**EAST BAY CHARTER TOWNSHIP
CAPITALIZATION POLICY**

A fixed asset is a property that meets all of the following requirements:

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

Fixed assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include both the materials used and the cost of labor involved in the construction of the asset.

The following significant values will be used for different classes of assets:

Equipment, machinery and furniture:	\$ <u>1000</u> or more
Buildings and building improvements	\$ <u>5000</u> or more
Improvements other than buildings:	\$ <u>5000</u> or more
Land:	any amount

Capitalized assets will be depreciated using the straight-line method over the following estimated useful lives:

Land	No depreciation
Land improvements	20 years
Buildings	40 years
Building improvements	25 years
Furniture and fixtures	10 years
Equipment	5 years
Vehicles	10 years:

Approved at the regular meeting held on September 15, 2003