

CITY OF TONTITOWN, WASHINGTON COUNTY, ARKANSAS

RESOLUTION NO. 2026-_____

**A RESOLUTION ADOPTING A FIXED-ASSET CAPITALIZATION AND
RECORDKEEPING POLICY PURSUANT TO A.C.A. § 14-59-107;
ESTABLISHING PROCEDURES FOR DEVELOPER-DEDICATED
INFRASTRUCTURE, A STANDARD ASSET TRANSFER FORM, AND
HISTORICAL RECONCILIATION; AND FOR OTHER PURPOSES.**

WHEREAS, A.C.A. § 14-59-107 requires a municipal governing body to adopt a policy defining fixed assets, including a dollar amount and useful life, and to maintain an itemized listing of municipal fixed assets by major categories;

WHEREAS, the City maintains fixed-asset records, but the Council has not yet been provided an identified, adopted policy definitively establishing the capitalization threshold currently applied;

WHEREAS, the City has recorded certain City-financed infrastructure extensions, while the review has raised concerns that some developer-constructed infrastructure subsequently acquired by the City may not have been consistently recorded;

WHEREAS, infrastructure acquired through lawful dedication, donation, purchase or shared financing may qualify as City property for accounting purposes irrespective of the source of construction funding;

WHEREAS, a service-area boundary does not by itself determine ownership of water or sewer assets, and ownership must be verified from deeds, utility agreements, dedications, acceptance actions or other legally sufficient records; and

WHEREAS, the Council desires a consistent administrative process for ownership confirmation, valuation, accounting handoff and reconciliation of both future acquisitions and historical records;

WHEREAS, municipal water and wastewater operations may maintain detailed capital-asset and depreciation schedules for separate financial statement and audit purposes, and the City Council desires to ensure that such schedules are reconciled with the City's comprehensive fixed-asset register without duplicate recognition or omission; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TONTITOWN, ARKANSAS:

Section 1. Adoption and Scope. The City hereby adopts this fixed-asset policy under A.C.A. § 14-59-107. It applies to City-owned assets held through governmental and enterprise activities, subject to applicable accounting and utility requirements. It governs accounting and recordkeeping and does not itself convey property or accept improvements.

Section 2. Qualification and Capitalization. Except as stated below, an asset qualifies for capitalization when the City owns or controls an asset recognized under applicable governmental accounting standards, its individual cost or recognized acquisition value is at least \$1,000, and its estimated useful life exceeds one year. This \$1,000 threshold is established by the City Council

for municipal fixed-asset recordkeeping and shall be implemented by the Clerk-Treasurer and designated City accounting staff.

Land shall be recorded regardless of dollar value and shall not be depreciated. Rights-of-way, easements, and other intangible property interests shall be accounted for as required by applicable standards, based on their legal and economic characteristics. Related components comprising one constructed infrastructure system or project may be evaluated in the aggregate when appropriate; projects shall not be artificially divided to avoid this policy. Repairs and ordinary maintenance are not capitalized unless they meet applicable improvement criteria.

Section 3. Asset Categories and Required Fields. The register shall be totaled by category and in the aggregate, including land, buildings and improvements, motor vehicles by department, equipment by department, streets and transportation facilities, stormwater facilities, City-owned water and wastewater infrastructure, construction in progress when appropriate, and other assets. Each recorded asset shall identify an item number (if used), description, serial or identification number when available, acquisition date, and cost or supported recognized value, as required by A.C.A. § 14-59-107(c). The register should also identify responsible department, location, reporting fund/activity, depreciation data where applicable, and disposition information.

Section 4. Developer-Constructed and Contributed Infrastructure. All infrastructure built by developers or other persons and subsequently lawfully acquired by the City shall be evaluated for recording, including streets, curbs, sidewalks, bridges, drainage structures, detention facilities, water and wastewater mains, hydrants, valves, manholes, lift stations, land, and qualifying property interests. The same standards apply whether financed by the City, the developer, a grant, or a combination. Previously recorded City-paid construction costs must be reconciled to avoid recording the same asset twice.

For avoidance of doubt, assets within a particular water-service territory shall be recorded by the entity that legally owns or otherwise must recognize them under applicable accounting standards. An asset within Washington Water Authority's service area is not automatically an asset of either Tontitown or Washington Water Authority; ownership and acceptance documentation control.

Section 5. Legal Acceptance Distinct from Accounting. Legal dedication, conveyance and municipal acceptance shall be completed using the legally required instruments and processes. For streets and alleys, A.C.A. § 14-301-102 shall be specifically considered by the City Attorney. Exhibit A is an inventory and accounting transmittal instrument only; it is not a deed, dedication, acceptance ordinance, or substitute for an applicable agreement or required approval.

Section 6. Exhibit A: Required Accounting Handoff. The City adopts the attached Exhibit A, "Developer-Dedicated Infrastructure and Capital Asset Transfer Record," as its standard documentation form. For each future development that results in City acquisition of infrastructure, the Planning Department or designated project coordinator shall assemble Exhibit A and supporting schedules, obtain confirmations from Engineering and the receiving department, and transmit the packet to the Clerk-Treasurer within fifteen business days after legal acquisition or acceptance. A missing or disputed value shall be logged as pending rather than silently omitted. The Clerk-Treasurer shall document the final accounting disposition.

Section 7. Assignment of Responsibilities. Planning or the designated coordinator shall identify subdivision acceptance actions and obtain plats and applicable conveyance records; the City Engineer shall review descriptions, quantities and available cost support; the operating department shall verify the assets placed in municipal service and maintenance responsibility; the City Attorney shall advise on ownership and acceptance documents where needed; and the Clerk-Treasurer shall oversee asset-register entries, supporting records and reconciliation, with assistance from the City's accounting personnel and independent accountants. No signature on Exhibit A shall be construed to create title or independently authorize acceptance.

Section 8. Valuation and Accounting Treatment. Contributed assets shall be initially measured according to applicable GASB accounting standards, including acquisition-value rules where applicable, as of the appropriate acquisition date. Developer cost schedules, engineering estimates and other reliable evidence shall be retained as supporting documentation; the City's accounting professionals shall resolve material valuation questions, funding participation, governmental versus enterprise reporting, depreciation, and any prior recognition. Any change in professional standards shall govern over an inconsistent administrative interpretation of this resolution.

Section 9. Historical Reconciliation. Within 120 days of adoption, the Clerk-Treasurer, assisted by Planning, Public Works, Water and Sewer, Engineering and the City's independent accountants, shall present an initial reconciliation report comparing the existing register with prior subdivision approvals, dedications, legal acceptances, infrastructure agreements and available as-built or construction records. The report shall identify confirmed omissions, ownership ambiguities, unsupported values, potential duplications, accounting corrections and matters requiring further investigation. The report may recommend a phased completion plan if historical documentation is incomplete. No assets shall be written off or restated solely due to this policy without an appropriate professional accounting review. The initial review shall compare all existing Water and Sewer asset ledgers, financial-statement capital asset schedules, and depreciation records with the Clerk-Treasurer's comprehensive register, and identify assets present in either source but absent in the other.

Section 10. Annual Reconciliation and Reporting. At least annually, the Clerk-Treasurer shall reconcile recorded additions and disposals with purchasing records, capital projects, grants, and a Planning/Engineering log of legally accepted subdivisions and transferred infrastructure. The Water and Sewer Department shall provide its asset and depreciation schedules and a summary of utility additions, transfers, disposals and construction in progress for reconciliation with the City's comprehensive register. Material discrepancies and proposed corrective actions shall be reported to the Council as part of the year-end accounting and audit process.

Section 10A. Utility Asset Records; Central Register; Independent Reconciliation. The Clerk-Treasurer shall maintain, or have direct access to, a comprehensive municipal fixed-asset register encompassing all City-owned qualifying assets, including the assets of City-operated water and wastewater enterprise activities. The Water and Sewer Department may maintain separate detailed subsidiary asset ledgers, project schedules, depreciation schedules and supporting records to meet operational, regulatory, bond-covenant and independent-audit needs. Those subsidiary records shall not substitute for the City's comprehensive register and shall remain available to the Clerk-Treasurer, authorized auditors and the City Council.

At least quarterly, Water and Sewer shall submit to the Clerk-Treasurer a schedule of asset acquisitions and improvements, developer-contributed assets, transfers, retirements and disposals, and changes to construction in progress, including asset identifiers, descriptions, dates, values and supporting-document references. The Clerk-Treasurer or designated accounting employee shall reconcile that schedule to the comprehensive register and general ledger, document exceptions, and return unresolved items to the originating department. The Water and Sewer Manager and Clerk-Treasurer shall each acknowledge the annual reconciliation, with material unresolved differences disclosed to the City Council and the respective auditors.

Each asset shall be recorded once in the appropriate accounting activity, with a cross-reference between the utility subsidiary schedule and the City-wide register. The comprehensive listing may include utility schedules by reference or through a common accounting system, provided City ownership, category totals, item-level information, and reconciliation evidence are readily accessible. Nothing herein requires duplicative general-ledger capitalization or changes the scope or legal reporting entity of any audit. The form and frequency of reconciliations may be adjusted to comply with more stringent law, applicable bond covenants or external audit requirements.

Section 11. Relationship to Other City Policies. This resolution does not amend purchasing authorization limits, approve any expenditure, establish a separate capital budget request threshold, or replace any applicable ordinance governing development or acceptance. To the extent earlier fixed-asset policies exist, the City Attorney shall identify them and advise the Council about supersession before final passage. Existing assets below the new capitalization threshold shall not automatically be removed.

Section 12. Effective Date. This resolution shall take effect upon passage and approval.

PASSED AND APPROVED on this _____ day of _____, 2026.

APPROVED:

ATTEST:

Angela Russell, Mayor

Rhonda Ardemagni, City Clerk-Treasurer

(SEAL)

ROLL-CALL VOTE

Council Member	Aye	Nay	Abstain	Absent
Alderman 1	☐	☐	☐	☐
Alderman 2	☐	☐	☐	☐
Alderman 3	☐	☐	☐	☐
Alderman 4	☐	☐	☐	☐
Alderman 5	☐	☐	☐	☐
Alderman 6	☐	☐	☐	☐

SPONSORSHIP AND LEGISLATIVE HISTORY

Sponsor (Initiated By): _____

Motion to Introduce Made By: _____

Seconded By: _____

Adopted / Passed: _____

Vote: Ayes ____ Nays ____ Abstain ____ Absent ____

This requirement is in addition to, and does not supersede, any authentication, attestation, or signature requirements imposed by state law or other provisions of the Tontitown Municipal Code.

EXHIBIT A
DEVELOPER-DEDICATED INFRASTRUCTURE AND CAPITAL ASSET TRANSFER
RECORD

Administrative inventory and accounting transmittal only — does not transfer title or constitute municipal acceptance.

PART I — DEVELOPMENT AND LEGAL ACQUISITION

Development / subdivision and phase: _____

Developer / conveying party: _____

Location / Planning file no.: _____

Recorded plat / instrument reference(s): _____

Acceptance ordinance / agreement / deed reference(s): _____

Date of legal acquisition or acceptance: _____

Receiving owner / legal entity: _____

PART II — ITEMIZED INFRASTRUCTURE SCHEDULE

Attach detailed continuation pages if necessary; do not combine infrastructure of different legal owners. Indicate quantity, units, ownership, and supported value for each entry.

Asset / category	Description, quantity & units	Receiving legal owner	Supported value
Street / pavement / sidewalk			\$
Drainage / detention			\$
Water mains / hydrants			\$
Sewer mains / manholes			\$
Pump / lift station			\$
Land / rights-of-way / interests			\$
Other			\$
TOTAL			\$

Developer-paid portion: \$ _____ City-paid portion: \$ _____ Other: \$ _____

Valuation support: ☐ Actual construction costs ☐ Engineering estimate ☐ Appraisal
☐ Other: _____

Are any listed costs already recorded as City construction in progress / assets? ☐ Yes ☐ No
☐ Unknown

PART III — OWNER AND RECEIVING DEPARTMENT VERIFICATION

Water or wastewater service provider / territory: _____

Asset owner established by (identify instrument): _____

Responsible City department / external owner for each asset group: _____

Ownership or valuation exceptions requiring follow-up: _____

PART IV — ATTACHMENTS CHECKLIST

☐ Approved / recorded plat ☐ Acceptance ordinance or resolution, if applicable ☐ Deed / bill of sale / agreement

☐ Recorded easements ☐ As-built plans ☐ Quantities / cost schedule ☐ Engineering support

☐ City contribution and project accounting records ☐ Other: _____

PART V — CERTIFICATIONS AND TRANSMITTAL

Developer / transferor: _____ Date: _____

City Engineer / technical reviewer: _____ Date: _____

Receiving department representative: _____ Date: _____

Planning / project coordinator: _____ Date sent to Clerk-Treasurer: _____

Certification signatures attest to the stated information only and do not independently effect acceptance or legal transfer.

PART VI — CLERK-TREASURER / ACCOUNTING DISPOSITION

Documentation received: _____ Legal acquisition confirmed: ☐ Yes ☐ Pending

Accounting entity / fund / activity: _____

Recorded acquisition date: _____ Recognized value: \$ _____

Register / GL account reference(s): _____

Utility subsidiary register / asset ID (if applicable): _____

Status: ☐ Entered ☐ Pending ownership ☐ Pending valuation ☐ Excluded (reason attached)

Prepared by: _____ Reviewed by: _____

Accounting entry date: _____ Supporting record location: _____

Utility schedule cross-check: ☐ Matched ☐ Not applicable ☐ Exception pending

Review date: _____

NOTICE: Preserve Exhibit A with permanent acquisition and accounting documentation. The form does not substitute for deeds, dedication instruments or formal acceptance under Arkansas law.