Village of Russell Gardens Capitalization Policy

This Capitalization Policy shall go into effect September 4, 2026, after being adopted by the Board of Trustees on **September 3, 2026**, and will be reviewed annually at the Annual Board of Trustees Meeting.

I. Purpose

The purpose of this Capitalization Policy is to establish consistent guidelines for identifying, recording, depreciating, and reporting capital assets owned by the Village of Russell Gardens ("the Village"). This policy promotes accurate financial reporting, accountability, and compliance with generally accepted accounting principles (GAAP), the Governmental Accounting Standards Board (GASB) Statements, and the New York State Office of the State Comptroller (OSC) accounting requirements.

II. Assets Definitions

A. Fixed Assets

For the purpose of this policy, a fixed asset shall be defined as any tangible asset acquired with the reasonable expectation that its useful life will exceed one year, which carries an original acquisition cost in excess of Five thousand dollars ($5,000.00) and which is not specifically excluded below.

Additionally, any individual item which, because of its nature, requires a greater degree of control may be included in the fixed asset inventory at the discretion of the Village Custodian of Capital Assets.

Items with an acquisition cost of less than five thousand dollars and/or a useful life of less than one year will be expensed in the year of acquisition.

B. Capital Assets

Capital assets are long-term assets that are used in operations, have a useful life extending beyond a single reporting period, and meet or exceed the capitalization thresholds established in this policy. Capital assets include, but are not limited to:

- Land and land improvements
- Buildings and building improvements
- Infrastructure (roads, sidewalks, curbs, drainage, streetlights, etc.)
- Vehicles (trucks, plows, sweepers, etc.)
- Machinery and equipment (DPW and other departmental equipment)
- Furniture and fixtures
- Computer hardware and software
- Intangible assets such as easements, rights-of-way, and licenses
- Construction in progress

III. Capitalization Thresholds

To qualify as a capital asset, an expenditure must meet or exceed the following thresholds and have an estimated useful life greater than three years. The threshold will be based on the cost of a single asset:

Asset Category	**Capitalization Threshold**	**Estimated Useful Life**
Land and Land Improvements	All costs	N/A (not depreciated)
Buildings and Building Improvements	$5,000	15–50 years
Infrastructure (roads, sidewalks, drainage, lighting)	$5,000	10–50 years
Vehicles (cars, trucks, plows, sweepers, etc.)	$5,000	5–20 years
Machinery and Equipment	$5,000	5–20 years
Furniture and Fixtures	$5,000	5–15 years
Computer Hardware and Software	$5,000	3–5 years
Intangible Assets (easements, licenses, etc.)	$10,000	Varies

Asset Category	Capitalization Threshold	Estimated Useful Life
Construction in Progress	All costs (until completion)	N/A

Expenditures below these thresholds, or those that do not meet the definition of a capital asset, shall be treated as current period expenses.

IV. Asset Control

The responsibility for the Village's Capital Assets shall be allotted to the following personnel:

1. The Village Treasurer shall serve as Village Custodian of Capital Assets.
2. Each department head will be responsible for the assets assigned to his/her department, and will be responsible for the following duties:

A. Taking an annual physical inventory as directed by the Custodian of Capital Assets.

B. Maintenance of departmental fixed asset records.

C. Obtaining the necessary approvals for the transfer of assets between departments and/or locations during the year.

D. Notification to the Village Custodian of Capital Assets when assets are transferred.

E. Obtaining the necessary approvals for the disposition of assets.

V. Asset Records

All Capital Assets must have accurate and complete records that include, but are not limited

A. A description of the asset, including identifying individual information, such as serial number, model number and manufacturer.

B. Asset tag number

C. The purchase date, amount, vendor and voucher number;

D. The department having custody and the location within the department;

E. And the source of funds used to purchase the item and any adjustments to the initial cost.

If part of the cost of an item is financed by a trade-in, the gross amount, not the net expenditure, should be shown. When an item has been disposed of, the fact should be reflected on the record. The record should include any loss in service value of the asset due to wear and tear and obsolescence.

VI. Accountability

Each department head is responsible for safeguarding and managing all capital assets under their control. Departments must promptly notify the Village Treasurer's Office of any acquisition, disposal, transfer, or impairment of assets. The Treasurer's Office shall maintain the official **Capital Asset Register** and ensure compliance with this policy.

VII. Asset Acquisition

All Capital Assets to be acquired must be included in the budget and must be acquired through a Capital Projects Budget or as a "200" equipment code item within the Operating Expense Budget.

Capital Assets shall be recorded at their historical costs or estimated historical cost if the actual historical cost is unknown. The cost of a capital asset shall include any ancillary costs that are necessary to place the asset in its intended condition for use. These include the vendor's invoice (plus the value of any trade-in, if reflected on the invoice), initial installation cost (excluding in-house Village labor costs), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs include charges such as freight and transportation costs, site preparation costs and professional fees. The costs of capital assets for governmental activities shall not include capitalized interest.

VIII. Depreciating Capital Assets

Capital assets shall be depreciated over their estimated useful lives in accordance with this policy unless they are inexhaustible.

The straight-line depreciation method (historical cost less estimated residual value, divided by useful life) is the method that shall be used by the Village for depreciating capital

assets. Depreciation shall be calculated on an annual basis. A full year of depreciation shall be included in the year of completion or acquisition of the asset. Accumulated depreciation will be summarized and posted to the accounting general.

IX. Asset Identification

All Capital Assets which are easily moved and/or which can reasonably be expected to be transferred between areas and locations, shall be tagged with an easily identifiable asset number at the time of acquisition. Tags will not be required on permanently attached fixtures or on individual sections of modular furniture. In addition, with regard to personal computers only the central processing unit of a desktop setup, laptop and the printer will be tagged. The software packages, for personal computers are hereby specifically excluded from Capital Assets. These items will be expensed upon acquisition.

X. Asset Transfers

All fixed asset transfers must be approved, in advance of the transfer, in writing. Transfers within a department head's area of responsibility can be transferred on the sole authority of the department head, and must notify the Village Custodian of Capital Assets when any such transfer occurs. Transfers between departments will require the approval of the department head, the Village Custodian of the Capital Assets and the Village Clerk.

XI. Asset Disposal

Assets which have no remaining useful life and no residual value may be disposed of with the written approval of both the department head and the Village Custodian of Capital Assets. The method of disposal shall be the one which costs the least. Assets which have a residual value will be disposed of in a manner to be determined by the Village Custodian of Capital Assets, after consultation with the department head, and with the approval of the Village Clerk. The property records should also be updated for appropriate disposal information, such as market values and purchaser.

Assets, such as a computer, may contain sensitive and confidential information or software that needs to be cleared prior to disposal or transfer of the asset.