

**VILLAGE OF WINDSOR  
VILLAGE BOARD RESOLUTION 2019-134**

**A RESOLUTION ADOPTING A CAPITALIZATION POLICY**

**WHEREAS**, the Village Board of the Village of Windsor, Dane County, Wisconsin finds it prudent to adopt a comprehensive set of financial management policies for the Village of Windsor; and

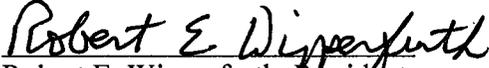
**WHEREAS**, the Governmental Accounting Standards Board (GASB) adopted Standard No. 34, which requires fixed assets to be depreciated; and

**WHEREAS**, the Village uses the straight-line depreciation method and wishes to establish the Capitalization Policy attached hereto as Exhibit A;

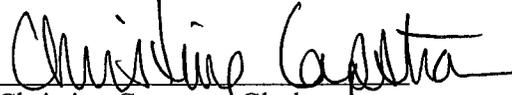
**NOW THEREFORE, BE IT RESOLVED**, by the Village Board of the Village of Windsor that it hereby approves and adopts said Capitalization Policy as set forth in Exhibit A.

The above and foregoing resolution was duly adopted by the Village Board of the Village of Windsor, Dane County, Wisconsin at a meeting held on the December 19, 2019, by a vote of 5 in favor and 0 opposed.

**VILLAGE OF WINDSOR**

  
Robert E. Wipperfurth, President

*Attested by:*

  
Christine Capstran, Clerk

**INCORPORATED BY REFERENCE:**  
Exhibit A: Capitalization Policy

## **Village of Windsor**

### **Capitalization Policy**

Adopted December 19, 2019XXXX

#### **1.0 PURPOSE**

To establish a general policy and standards for valuation of fixed assets (capital assets).

#### **2.0 CATEGORIES**

Capital assets include land and land improvements, buildings and building improvements, machinery and equipment, construction work in progress, infrastructure, and all other tangible or intangible assets that are used in operations that have initial useful life of at least one year.

#### **3.0 POLICY**

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets that are to be recorded in the village's annual financial statements. This policy also addresses other considerations for recording and depreciating fixed assets.

#### **4.0 GENERAL GUIDANCE**

##### **4.1 Capitalization Threshold**

All the capital assets are valued and reported at historical cost or estimated historical costs if actual amounts are unavailable. The cost of a capital asset includes the acquisition price plus the expenditures necessary to place the asset in its intended location and condition for use. Donated or contributed assets are recorded at their estimated acquisition value at the date of donation. (See Attachment A)

- Generally, repairs will not qualify for changing the initial capitalized value. Only major replacements of components and/or additions which significantly change the initial capitalized value or significantly extend the expected useful life of any capitalized item shall be considered in order to substantiate any subsequent year value change of an asset maintained within the Village's Record of Capital Assets.
- For computer equipment, initial operating software shall be included but subsequent operating software and application software shall be excluded.
- Capitalization is per item and no grouping will be done for similar or multiple quantity assets.

#### 4.2 Useful Life

Consider the following when determining the useful life of an asset:

- The length of time these assets have historically lasted
- Anticipated changes in technology
- Specific asset use
- Maintenance practices – among Village departments, similar assets may be assigned different useful lives, depending on asset use and maintenance (See Attachment B)

The useful lives of capital assets will be reviewed periodically and adjustments will be made as necessary.

#### 4.3 Improvements vs. Maintenance Costs

With respect to asset improvements, costs at or over the capitalization threshold shall be capitalized if:

- The estimated useful life of the asset is extended by more than 25%, or
- The cost results in an increase in the capacity of the asset, or
- The efficiency of the asset is increased by more than 10%.

Improvements that do not meet these criteria should be expensed as repair and maintenance.

#### 4.4 Salvage Value

The salvage value of general capital assets is deemed to be immaterial to the financial statements. Therefore, generally the Village will not record salvage value on general capital assets.

#### 4.5 Depreciation

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the asset's estimated useful life using the straight-line method of depreciation.

#### 4.6 Dedicated Assets

Required installation of public improvements by a Developer, including but not limited to storm sewers, storm water management measures, streets, curb and gutter, street lights, street signs, sidewalks will be dedicated to the Village upon completion. Recording of

infrastructure assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation provided by the Developer as of the date of dedication (donation).

#### 4.7 Inventory Control

To maintain adequate control and safeguards over Village property Department Heads will develop and maintain an appropriate inventory list or record keeping system, to account for assets which do not meet the capitalization threshold. Periodic audits will be performed by staff to verify that items listed on the inventory report are still located on Village property and available for Village use. Examples include small tools, small equipment, office equipment, public works supplies, etc.

### Attachment A – Capitalization Threshold

For fixed assets that individually cost \$5,000 or more  
with an expected useful life greater than one year.

<b>FIXED ASSET CATEGORY</b>	<b>ILLUSTRATIVE ITEMS AND THRESHOLD</b>
Furniture	Chairs, tables, bookcases, file cabinets or other furniture items.
Office Equipment and Computers	Large computers, personal computers (PCs), printers, plotters, copiers, etc.
Infrastructure	Streets curb & gutter, public right-of-way, street light systems, bridges, storm sewers, retaining walls, trails and culverts.
Building and Improvements	Permanent Structures, building mechanical equipment, parking lots and lighting.
Motorized Road Vehicles and Equipment	All vehicles and equipment. All permanent or semi-permanent attachments shall be included, e.g., snow plows, salt spreaders, etc.
Motorized Non-Road Equipment	All equipment (i.e. air compressors, etc.)
Other Non-Motorized Equipment	Equipment, not attached to or associated with motorized (playground equipment/structures).

### Attachment B – Useful Lives

ASSET TYPE	CAPITALIZED	USEFUL LIFE	EXPENSED
Buildings and Building Improvements	New construction, 50%+ remodeling	50 years	General maintenance, minor remodeling, etc.
Furniture and Office Equipment	New purchases	5 – 10 years	Repairs
Land		Inexhaustable	
Land Improvements (fencing)		20 years	Repairs
Vehicles	New Purchases	8 Years	Repairs
Infrastructure - Road Base and Surface	New Construction	40 years	Repairs, sealing, crack filling, patching, etc.
Infrastructure – Curb, Gutter and Sidewalk	New Construction	40 years	Repairs
Infrastructure – Street Lights	New Construction	40 years	Repairs
Infrastructure – Road Surface	Overlay of existing improvement	15 years	Repairs, sealing, crack filling, patching, etc
Machinery and Equipment	New purchases	5 – 15 years	Repairs
Utility Infrastructure – Storm Sewer	New Construction	20 years	General maintenance
Utility Infrastructure – Water Distribution Systems	New Construction	Follow the PSC	General maintenance
Utility Infrastructure – Water Storage System and Pumps	New Construction	Follow the PSC	General maintenance
Utility Infrastructure – Building and Water Tower Improvements	Improvements	Follow the PSC	General maintenance
Utility Infrastructure – Sewer	New Construction	20 – 75 years	General maintenance

\*Note the Village of Windsor refers to the State of Wisconsin Department of Transportation Highway Maintenance Manual, Chapter 02 Administration, Section 25 Cost Invoicing, and Subject 50 Classified Equipment Rates for Useful Life (Estimated Life).