

**VILLAGE OF WINDSOR
VILLAGE BOARD RESOLUTION 2024-117**

APPROVAL OF CAPITALIZATION POLICY

WHEREAS, the Village Board of the Village of Windsor has reviewed the Village Capitalization Policy that was approved on December 19, 2019; and

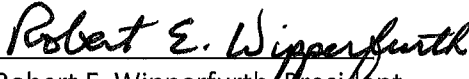
WHEREAS, the Village Board finds it prudent to adopt a Capitalization Policy for the proper accounting, valuation, tracking and depreciation of the Village's capital assets; and

WHEREAS, the Village Board has reviewed and recommends the Capitalization Policy as amended, attached hereto as Exhibit A;

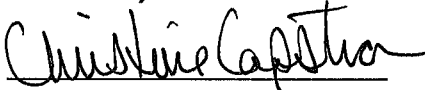
NOW, THEREFORE, BE IT RESOLVED by the Village Board of the Village of Windsor that it hereby approves the Capitalization Policy as set forth in Exhibit A.

The above and foregoing Resolution was duly adopted at a regular meeting of the Village Board of the Village of Windsor on December 19, 2024, 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

1.0 GENERAL PURPOSE AND POLICY

The purpose of this policy is to establish general guidelines for the proper accounting, capitalization, depreciation, and tracking of the Village's fixed assets (capital assets).

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.

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 GENERAL GUIDELINES

3.1 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.
- Capital asset value thresholds for capitalization are to be applied to individual capital assets. Group purchases of similar capital assets that are \$7500 or greater in the aggregate should be capitalized if they meet the other capitalization requirements set forth within this policy. Group purchases of similar capital assets that are less than \$7500 in the aggregate, shall be reviewed by the Finance Director (or designee) on a case by case basis to determine if capitalization is necessary.

3.2 Useful Life

The Village will 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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, streetlights, street signs and 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).

Attachment A – Capitalization Threshold

For fixed assets that individually cost \$7,500 or more with an expected useful life greater than one year.

FIXED ASSET CATEGORY	ILLUSTRATIVE ITEMS AND THRESHOLD
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	40 years	General maintenance, minor remodeling, etc.
Furniture and Office Equipment	New purchases	5 – 10 years	Repairs
Land		Inexhaustible	
Land Improvements (fencing, lighting, paving, playgrounds, etc.)	New Purchases	20 years	Repairs
Vehicles	New Purchases	8 – 10 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
Machinery and Equipment – Lawn Mowers	New purchases	2 – 5 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).