

## **Town of Bradley Asset Capitalization Policy**

This Policy is adopted to establish procedures for keeping an inventory of fixed assets owned by the Town of Bradley. It results from and is intended to implement the Governmental Accounting Standards Board Statement #34 (GASB 34).

The cost of a capital asset should include any charges necessary to put the asset into place. Donated capital assets should be reported at their estimated fair value at the date of donation. Capital assets included moveable property (furniture & fixtures, machinery & equipment, automobile, etc.), land, land improvements, buildings, building improvements, leasehold improvements, infrastructure, historical treasures & works of art, and all other tangible or intangible assets that are used in operations that have initial useful lives of two years or more.

### **Definitions:**

Assets, which meet the following minimum standards, will be considered **capital assets**:

- Having a value of \$5000 or more. This requirement can be for an individual item in excess of \$5000 or for a “collection” such as a specific road project, or computer system.
- Having an estimated useful life of two years or more.
- Major asset categories will be building and improvement, land and improvements, machinery and equipment, vehicles, and infrastructure.

### **Capitalization Method:**

All capital assets will be recorded at cost as of the date acquired or constructed.

### **New Acquisitions:**

The Town will capitalize on new assets that meet the Capitalization Policy as stated above. Following the receipt of the item (s) that meet the criteria stated above, the value should be noted by Town Manager for inclusion in the asset database. Additions, improvements, repairs, or replacements to existing capital assets are not considered new acquisitions.

### **Extraordinary Repairs or Improvements:**

The Town will capitalize on outlays that increase future benefits from an existing capital asset beyond its previously assessed value or condition if they meet the Town’s Capitalization Policy as stated above.

**Useful Lives for Capital Assets:**

<b>Property Type</b>	<b>Useful Life</b>
<u>Moveable Property</u>	
• Office furniture & fixtures	10
• Computers & peripheral equipment	5
• Computer software	3
• Office machinery & equipment	6
• Automobiles/Fire Apparatus	15
• Trailers	15
<u>Buildings and Improvements</u>	
• Buildings and improvements	40
<u>Depreciable Land Improvements</u>	
• Sidewalks	20
• Sprinkler System	20
• Landscaping	20
• Road Improvements	10
• Driveway Culverts	10

**Depreciation Method:**

For simplicity and consistency, the straight-line depreciation method (cost divided by useful life) will be used for the depreciation of all depreciable capital assets. In addition, it will be assumed that the capital assets will have no salvage value. A full year of depreciation will be taken in the year assets are placed in service. Regardless of the actual date an asset is placed into service, the asset is treated as being placed into service at the beginning of the fiscal year, allowing a full year’s depreciation in the year of acquisition.

**Effective Date:**

This policy shall be immediately effective upon its adoption at a legally called and publicly held meeting of the Town Council.

**Approved:**

Approved by the Bradley Town Council at a duly called meeting on \_\_\_\_\_2022.

\_\_\_\_\_  
Mark Ketch

A True Copy Attest:

\_\_\_\_\_  
Duane Lugdon

\_\_\_\_\_  
Melissa Doane, Bradley Town Clerk

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Ann Delaware

\_\_\_\_\_  
Charles Clemons

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Laurence Wade