

**VILLAGE OF ROSCOMMON
FIXED ASSET CAPITALIZATION POLICY**

Adopted: March 24, 2009

The Village of Roscommon will regard fixed assets as capitalized when all of the following criteria are met:

1. Assets purchased, built or leased that have useful lives of one year or more.
2. The cost of the asset (including installation) is \$5,000 or more. Multiple assets whose cost is less than \$5,000 but the aggregate requestor total is \$5,000 or more are capitalized.
3. The cost of repairing or renovating the asset is \$5,000 or more and prolongs the life of the asset.

The Village will regard the purchase of software programs as fixed assets subject to the above Capitalization policy, and will amortize over an estimated useful life of 3 years. Costs associated with software maintenance and customer support are considered expenditures and will not be capitalized.

Other Considerations:

1. REPAIR is an expenditure that keeps the property in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset. All repair expenditures are charged to the appropriate department and fund.
2. IMPROVEMENTS are expenditures for additions, alterations and renovations that appreciably prolong the life of the asset, materially increase its value or adapt it to a different use. Improvements of this nature are capitalized.

Examples of Repairs vs. Improvements

Repairs = Expenditures

All items—life less than one year
 All items under \$5,000
 Property maintenance, wall repair
 Replacement of machine parts to keep machine in normal operating condition
 Property restoration (rebuilding) for normal operations
 Existing building repairs
 Replacement of small sections of wiring, pipes or light fixtures
 Patching walls, minor repair of floors, painting, etc.
 Patching driveways
 Cleaning drapery, carpet, furniture

Improvements = Capitalized Assets

Life of more than one year
 All items \$5,000 or more
 Property rebuilding
 Replacement of motor and parts that prolong the useful life
 Property restoration for something different or better
 Building regulation conformity
 Major replacement of wiring, lighting, pipes or sewer
 Installation of floor, wall, roof, wall-covering, etc.
 New driveway or major repair
 New drapery, carpets, furniture

Depreciation Method—Straight Line over the following useful lives:

Buildings	40-60 years
Building Improvement	15-30 years
Water and Sewer Lines	50-75 years
Roads	10-30 years, see State Recommendations attached
Infrastructure	See State Recommendations attached
Vehicles	3-5 years
Office Equipment	3-5 years
Computer Equipment	3-5 years