



TOWN OF AMENIA TOWN BOARD

4988 Route 22, AMENIA, NY 12501
(845) 373-8860 www.ameniany.gov

RESOLUTION No. 62 of 2020

RE: RESOLUTION ADOPTING CAPITAL ASSET POLICY FOR THE TOWN OF AMENIA

WHEREAS, the Town Board of the Town of Amenia seeks to adopt a Capital Asset Policy to establish guidelines for the capitalization and depreciation of capital assets in accordance with the Government Accounting Standards Board ("GASB") Statement No. 34; and

WHEREAS, the purpose of the policy is to ensure accurate capitalization of assets for inclusion in the Town's financial statements by establishing guidelines for the record keeping of capital assets, including acquisition, threshold for capitalization, determination of useful life, inventory and disposition thereof; and

WHEREAS, it is the desire of the Town Board to establish a formal capitalization policy at this time.

NOW, THEREFORE, BE IT RESOLVED:

1. That the recitations above set forth are incorporated in this Resolution as if fully set forth and adopted herein;
2. That the Town Board of the Town of Amenia hereby adopts the Capital Asset Policy as annexed hereto and made a part hereof; and
3. That the Town Board shall review the Capital Asset Policy on an annual basis or as deemed necessary, and shall provide policy provisions, if any, by formal resolution.

Motion made by Perotti; Seconded by Somogyi

The foregoing resolution was voted upon with all councilwomen/councilmen voting as follows:

Supervisor Perotti	Aye
Councilwoman Doyle	Aye
Councilman Gutierrez	Absent
Councilman Morris	Aye
Councilwoman Somogyi	Aye

Dated: Amenia, New York
December 17, 2020


DAWN MARIE KLINGNER, TOWN CLERK



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TOWN OF AMENIA CAPITAL ASSET POLICY

1. Purpose

The following capital asset policy is to ensure a standard set of guidelines are followed for the physical and reporting control of the Town of Amenia's capital assets and to obtain timely and accurate accountability over our capital assets, provide centralized documentation, and meet financial reporting needs.

2. Policy Statement

It is the intent of the Town to property safeguard, value, and account for capital and controlled assets by:

- Identifying the Town's capital and controlled assets
- Keeping capital asset records updated with appropriate information
- Tracking capital project costs

3. Capital Asset Definitions and Guidelines

a. Capital Asset Classifications

Capital assets are real or personal property that have value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year. (See Table No. 1).

b. Useful Life

The useful like of an asset is that period during which the asset provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset.

The following Table summarizes the useful life and capitalization threshold for each type of currently held capital asset.

TABLE NO. 1

Class of Asset	Capitalization Threshold	Useful Life
Land	\$20,000	Note 1
Land Improvements (other than buildings)	\$20,000	10 Years
Building	\$20,000	40 Years
Building improvements (only if part of a major repair or rehab project which increases the value and/or useful life)	\$20,000	20 Years

Machinery & Equipment: (Note 2) Highway Vehicles Heavy Equipment Generators Other	\$20,000	10 Years 10 Years 20 Years 5-10 Years
Infrastructure: Bridges (including culverts) Roads Traffic Control Systems Sewer Systems Water Systems	\$20,000	20 Years
Construction in Progress		Note 3
Note 1 – Not Depreciated Note 2 – For control and accountability purposes, capital assets costing less than \$20,000 may be recorded in the capital assets inventory Note 3 – Depreciation is not required on Construction in Progress. Upon completion, the asset classification and depreciation will be in accordance with the useful life.		

4. Record Keeping and Maintenance of Capital Asset List

Each department should designate an individual to be responsible for preparing and maintaining a complete listing of assets within each department. The listing should be updated at least annually, and a written copy provided to the Town Supervisor not later than February 15 of each year.

The designee will record all assets at the time the asset is inventoried. All transfers and disposals will be recorded upon receiving the appropriate documentation. Invoices substantiating an acquisition cost of each unit of property shall be retained for the life of the asset.

For assets that need to be disposed of and removed from the asset list, the designee should provide the authorization to dispose of a property, the type of disposition (i.e., sale, trade, scrapped, auctioned), the date of the disposition, the initial cost of the property and the estimate fair market value at the time of the disposition. Authorization documentation, including signed approvals, are to be given to the Supervisor's office within 10 days of disposal.

In addition to the above, the following information will be captured in the Town's financial accounting software for each item on the Capital Asset List:

- Assigned asset number
- Description of the asset
- Asset Category (Comp. & Equip./Furniture/Vehicles/Leasehold Improvement)
- The date the asset was placed in service
- The asset's cost or acquisition value
- The asset's salvage value, if any
- The asset's estimated useful life

5. Construction-in-Progress (CIP)

Construction-in-Progress (CIP) contains amounts expended on new construction, land or building improvements, infrastructure, additions, alternations, reconstruction, installation, maintenance and repairs, or other tangible capital construction projects that will be finished in a future period and meet the capitalization threshold.

Construction work-in-progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of execution of substantial completion contract documents, occupancy, or when the asset is placed into service.

Depreciation is not applicable while assets are accounted for as construction work-in-progress. Upon asset completion and placement into service, the value of such asset is removed from the construction-in-progress account and transferred to the appropriate capital asset classification account. Depreciation then begins based upon depreciation life of the appropriate asset category.

6. Capitalization Thresholds

The Town of Amenia has established capitalization thresholds establishing the amounts for minimum capitalization. Any items costing below the thresholds should be expensed in the Town of Amenia's financial statements (or financial records).

7. Capitalization Method and Procedure

Capital assets shall be recorded at historic cost as of the date acquired or, if the cost is not readily determined, at estimated historic costs. Cost shall include applicable ancillary costs (i.e., shipping and delivery cost, installation cost, and other costs associated to the asset). Tangible assets costing below the aforementioned threshold amounts are recorded as an expense in the Town of Amenia annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

8. Depreciation Method

The Town of Amenia has established the straight-line methodology for depreciating all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.