

CORNING JOINT FIRE DISTRICT

Fixed Asset Capitalization Policy

Adopted: October 23, 2019

Revised: July 8, 2026

Policy #:

Policy: Fixed Asset Approval, Financing & Capitalization Policy

Effective Date: October 23, 2019

Authority: Town Law § 176 (21)

Cross-reference:

PURPOSE: The purpose of this fixed asset capitalization policy is to establish a uniform capital asset purchase approval, financing, and capitalization policy that complies with federal and state financial reporting requirements. Fixed assets are items of tangible property, both real and personal, having a value of \$5,000 or more and an estimated useful life of two years or more. Fixed assets are distinguishable from intangible property, such as money or securities, and consumable tangible property, such as office supplies.

PURCHASE APPROVAL / FINANCING: Because the approval process (including mandatory or permissive referendums), procurement requirements (including NYS and piggyback contract reviews or competitive bidding requirements) and financing implications of capital asset purchases (e.g. cash flow, long-term debt/bonding requirements, etc) are materially different and more consequential than other procurement activities, it is essential that they be closely incorporated with CJFD's annual budget process. For these reasons, except for emergency replacement of existing capital assets, all capital asset purchase requests and required supporting documentation must be submitted to the Board of Directors by July 31st, annually in order for them to be considered for inclusion in the following year's budget plan.

TERMS:

Capitalization Defined

"Capital Expenditures" are defined as expenditures for the acquisition cost of capital assets (land, buildings, equipment), or expenditures to make improvements to existing capital assets that materially increase the asset's value or useful life. The acquisition cost of a capital asset includes all of the costs necessary to place the asset in service for its intended use. In general, this should include, but not necessarily be limited to, the net invoice price of the asset including the cost of any attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Also included in the acquisition cost are freight, transit insurance and installation charges. Management should exercise good judgment and consistent treatment with regard to what costs should be included. For donated assets, the fair market value at the date of the gift will be used as the acquisition cost. All capitalized assets must be Fire District

owned. Repairs and maintenance which do not materially add to the useful life of the asset or increase the asset's value should be expensed, not capitalized.

Capital Asset Classifications

1. **Land** - All purchases or donations of land will be capitalized regardless of value. The acquisition costs of Land should include the purchase price, closing costs, all costs incurred in preparing the land for its intended use and improvements to the land that have indefinite lives and are permanent in nature. Land is not depreciated.
2. **Land Improvements** - Improvements to land with limited lives such as fencing and gates, driveways, paving, parking lots, yard lighting and landscaping should be recorded as land improvements. Land improvements in excess of \$5,000 should be capitalized. Land Improvements should be recorded as a separate asset from Land.
3. **Buildings** - All structures used for operating purposes including all permanently attached fixtures, machinery, and other components that cannot be removed without damage, such as boilers, air conditioners, wiring, and lighting fixtures. If a building is acquired by purchase, the capitalized cost should include the purchase price plus other expenses incurred at the time of acquisition. A purchase of both land and buildings requires that the cost be allocated between the assets. If a building is constructed, the capitalized cost should include, but not be limited to material, labor, building permit fees, title costs, architectural, engineering and legal fees.
4. **Building Improvements** - All alterations, renovations and repairs to existing structures in excess of \$5,000 that increase the value of the property, make it more useful, or increase its useful life. This includes additions, roof replacements, replacement of central air conditioning or heating systems or other major renovations. Work to maintain the facility in its existing condition, such as painting or repairs, should be expensed.
5. **Infrastructure** - long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.
6. **Furniture and equipment** - Any moveable, nonexpendable personal property, not permanently affixed to a building, with a life expectancy of more than one year and an acquisition cost of \$5,000 or more per single unit. A single unit is defined as a piece of equipment/ furniture that when assembled functions as a stand-alone unit. This includes capital equipment, capital furniture & fixtures, computers, and vehicles.
7. **Training Books and Other Materials** - Training and reference books and other materials will be not capitalized.
8. **Computer Equipment** - having a useful life of two years or more and a cost of \$5,000 per unit.

9. **Aggregate Purchases** - When a group of fixed assets are acquired for one area/room and collectively the purchase total exceeds \$15,000, then the total of the assets purchased should be capitalized. An example is furniture and equipment purchased to furnish a new building.

If a group of like assets are acquired together and will be utilized in one capacity, then even though the individual acquisition costs are less than the threshold for capitalization, then the assets should be capitalized if the aggregate acquisition cost exceeds \$15,000.

10. **Construction in progress** - Construction in progress should be capitalized at the end of each fiscal year. Construction in progress is not depreciated. When the construction is complete and the asset placed into service, the construction in progress total is transferred to the respective asset account such as Building Improvement, and depreciation then begins in accordance with the guidelines below.

Depreciation Guidelines

All depreciable assets will be depreciated using the straight-line method, with half-year convention. The straight-line method allocates an equal amount of the net cost of the asset to each accounting period in the asset's useful life. All depreciable property will have a 0% salvage value.

The following useful lives will be used for the purposes of depreciation

Site improvements	20 years
Building and structures	50 years
Infrastructure	65 years
Machinery and equipment	7 years
Furnishings and Accessories	7 years
Vehicles	7 years
Computer equipment	3 years

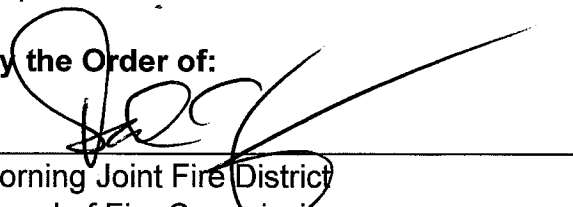
Physical Inventory

A physical inventory of capital assets must be taken and the results reconciled with the Fire District's financial records at a minimum of once every two years. At the close of the inventory process, adjusting journal entries will be done where applicable for assets which have been taken out of service, or otherwise disposed.

Disposition

Capital assets which are obsolete, worn out, or no longer meet the requirements of a department may be sold as surplus, traded-in or discarded. The legal process for such disposition must be followed.

By the Order of:


Corning Joint Fire District
Board of Fire Commissioners

Date: 07/08/2026