

Town of Mercer Asset Capitalization Policy

This policy is incorporated to establish procedures for keeping an inventory of fixed assets owned by the Town.

A. Capital Assets

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

- Having a value of \$5,000 or more. This requirement can be an individual item in excess of \$5,000 or a “collection” such as a telephone system or computer network system.
- Having an estimated useful life of more than one year.
- Major asset categories are buildings and improvements; land and improvements; machinery and equipment; vehicles and infrastructure.

B. Capitalization Method

All capital assets are recorded at historical cost as of the date acquired or constructed, except for infrastructure, which is discussed below. If historical cost information is not available, assets are recorded as estimated historical cost by calculating current replacement cost by deflating the cost using the appropriate price-level index.

C. New Acquisitions

The Town capitalizes new assets that meet its Capitalization Policy as stated in Section A. Following the receipt of the item(s) that meet the criteria, the value is noted by the Selectboard and Treasurer for inclusion in the asset base. Additions, improvements, repairs, or replacements to existing capital assets are not considered new acquisitions and are discussed below in Section D.

D. Extraordinary Repairs or Improvements

The Town capitalizes 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.

F. Infrastructure

The Town reports its infrastructure assets at historical cost (if purchased or constructed) or estimated fair value (if donated). The Town uses an estimated historical cost when the actual cost cannot be identified. Replacement costs for infrastructure assets are based on current year construction costs for similar assets or other information that approximates current replacement cost. The Town reports newly acquired or constructed infrastructure assets in the period it acquires or constructs infrastructure assets. Also, the Town uses any existing sources of information to provide support for the initial cost estimates for its infrastructure assets, such as bond documents, engineering documents, and capital budgets.

G. Lu

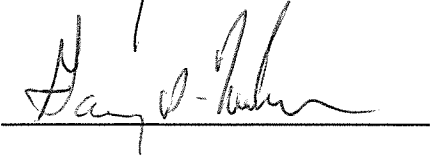
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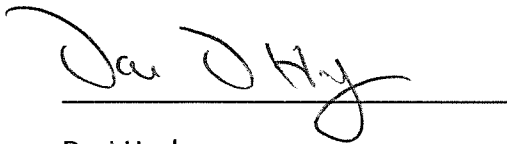
Adopted 02/24/2022

A handwritten signature in cursive script, appearing to read "Ricky Parlin", written above a horizontal line.

Ricky Parlin

A handwritten signature in cursive script, appearing to read "Gary Mosher", written above a horizontal line.

Gary Mosher

A handwritten signature in cursive script, appearing to read "Dari Hurley", written above a horizontal line.

Dari Hurley