

Requested by: Finance Director

Prepared by: Clerk's Office

RESOLUTION NO. 2026-04

A RESOLUTION OF THE CITY OF VENICE, FLORIDA, ADOPTING A CAPITAL/FIXED ASSET POLICY; RESCINDING RESOLUTION NO. 2014-16; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Venice City Council recognizes that effective management of capital/fixed assets is essential to good fiscal management and needs to be responsive to public trust and in compliance with legal requirements while maximizing the effectiveness of limited funds; and

WHEREAS, a policy providing effective guidelines and responsibilities for the acquisition, depreciation and disposal of the city's capital assets including setting procedures to monitor and account for small and attractive assets is required for audit compliance.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, as follows:

SECTION 1. Resolution No. 2014-16 adopting a capital/fixed asset policy is hereby rescinded in its entirety.

SECTION 2. The Capital/Fixed Asset Policy attached hereto as Exhibit "A", is hereby adopted and incorporated by reference as though fully set out in this resolution.

SECTION 3. A copy of the Capital/Fixed Asset Policy shall be maintained for public use, inspection and examination in the offices of the city clerk and the finance department.

SECTION 4. This Resolution shall take effect immediately upon its approval and adoption as required by law.

APPROVED AND ADOPTED AT A REGULAR MEETING OF THE VENICE CITY COUNCIL HELD ON THE 10TH DAY OF FEBRUARY 2026.

Nick Pachota, Mayor

ATTEST:

Kelly Michaels, MMC, City Clerk

I, Kelly Michaels, MMC, City Clerk of the City of Venice, Florida, a municipal corporation in Sarasota County, Florida, do hereby certify that the foregoing is a full and complete, true, and correct copy of a Resolution duly adopted by the City Council of the City of Venice, Florida, at a meeting thereof duly convened and held on the 10th day of February 2026, a quorum being present.

WITNESS my hand and official seal of said City this 10th day of February 2026.

Kelly Michaels, MMC, City Clerk

(S E A L)

Approved as to form:

Kelly Fernandez, City Attorney

EXHIBIT "A"

CITY OF VENICE CAPITAL/FIXED ASSET POLICY

PURPOSE

To provide effective guidelines and procedures for managing the city's capital/fixed assets, including equipment, machinery, vehicles, and property. This policy ensures proper acquisition, safeguarding, accounting, and disposal of capital/fixed assets. This policy also sets responsibilities for the acquisition, depreciation and disposal of the city's capital assets including setting procedures to monitor and account for small and attractive assets.

I. Capital/Fixed Assets and Capitalization Thresholds

A capital/fixed asset is real or personal property that has a cost equal to or greater than \$25,000 (including the fair market value of donated assets) and has an estimated useful life extending beyond one year. Major additions, including those that significantly prolong a capital asset's economic life or expand its usefulness, should be capitalized. Normal repairs that merely maintain the asset in its present condition should be recorded as expenses and should not be capitalized.

Two exceptions to the City's capitalization threshold are:

1. All vehicles and heavy equipment will be capitalized, even if acquisition costs less than \$25,000. For example, police vehicles can typically be acquired in the range of \$23,000 to \$24,999, excluding full equipment outfitting.
2. The capitalization threshold for computer software is a cost equal to or greater than \$75,000

Additionally, the City of Venice maintains a Fleet Replacement Program (FRP) designed to record, track, and manage the depreciation and projected replacement cycles of all motor vehicles. As a result, it is essential to continue tracking and recording vehicles valued under \$25,000 to support accurate fleet management and future budget planning.

II. Categories of Capital/Fixed Assets

The City of Venice reports and records capital/fixed assets under the following categories

1. Real Property
 - Land and Land Improvements
 - Buildings and Building Improvements
 - Improvements Other Than Buildings
 - Infrastructure and Infrastructure Improvements
 - Construction Work in Progress (CWIP)
2. Furniture, Machinery and Equipment
 - Office Machinery and Equipment
 - Furniture and Fixtures

- Computer Hardware
- Property under Capital Lease/Capitalized Leases
- 3. Computer Software
 - Purchased Software
 - Internally Developed Software

III. Reporting Capital/Fixed Assets

Capital/fixed assets should be reported at purchase cost. The cost of a capital/fixed asset should include ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, which may include, but are not limited to:

- Freight and transportation charges
- Site preparation costs
- Professional fees (e.g., engineering, legal, or architectural)

Donated capital/fixed assets should be reported at their estimated fair market value at the time of acquisition plus ancillary charges, if any.

When the historical/purchase cost of a capital/fixed asset cannot be practicably determined, the estimated historical cost of the asset should be determined by using reasonable and appropriate methods and recorded. Estimated historical costs should be identified in the asset records.

The basis of valuation for capital assets constructed by the city include:

- The cost of materials,
- Direct labor, and
- Overhead costs identifiable to the project.

The finance department is responsible for ensuring that all capital assets are accurately reported as of the date of acquisition. Furthermore, any improvements made to a capital asset that extends the useful life of the asset beyond one year should be capitalized.

IV. Depreciating Capital/Fixed Assts

Capital/fixed assets shall be depreciated over their estimated useful lives except for the following categories:

- Inexhaustible assets, (e.g., land and land improvements)
- Construction in progress, which is not depreciated until the asset is placed in service

The Finance department is responsible for determining the estimated useful life of each capital/fixed asset in accordance with standard asset classifications and governmental accounting guidelines. For city-wide financial statement purposes, depreciation will be calculated using the straight-line method. Depreciation begins in the month that the asset is received by the city. The finance department is responsible for recording all depreciable assets in the city's property system and assigning the correct general ledger codes/account numbers.

V. Physical Inventory

Each department is responsible for conducting an annual physical inventory, which will be reviewed and certified by the designated custodian. The inventory process must utilize a preprinted fixed asset register. Any variances between the register/listing and the actual physical inventory will be reconciled as follows:

1. Unrecorded Additions or Transfers In: Identify those assets that were purchased or transferred into a department but have not yet been recorded or updated in the fixed asset register.
2. Unlocated Assets: Investigate any missing assets to determine if they were disposed of or transferred out without proper documentation or updates to the asset records.
3. Maintain and update the listing of small and attractive assets.

VI. Capital/Fixed Asset Definitions and Categories

A. *Land and Land Improvements*

Land is the surface or crust of the earth, which can be used to support structures, and may be used for landscaping purposes such as growing grass, shrubs, and trees. Land is considered an inexhaustible asset and is not subject to depreciation.

Land improvements are enhancements made to land that prepare it for its intended use. These may include betterments, site preparation, and permanent improvements. The cost associated with land improvements is capitalized along with the cost of land. Land and land improvements should not be depreciated.

Examples of items to be capitalized as land and land improvements are:

- Purchase price or fair market value at time of acquisition or donation
- Commissions and closing costs
- Professional fees (i.e. title searches, architectural, legal, engineering, appraisal, surveying, environmental assessments, etc.)
- Land excavation, filling, grading, and drainage
- Demolition of existing buildings and improvements (less salvage)
- Removal, relocation, or reconstruction of others' property (e.g., railroad tracks, telephone and power lines, etc.)

Note: Roads, bridges, paved parking lots, and similar features are classified as infrastructure assets, not land improvements, and are subject to different capitalization and depreciation guidelines.

B. *Buildings and Building Improvements*

A building is a permanent structure that is attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. A building is generally used to house people or property, including any fixtures that are permanently affixed and form an integral part of the structure.

Building improvements refer to capital expenditures that extend the useful life of a building, increase the value of a building, or both beyond a one-year period. Routine maintenance and repairs that do not extend the building's useful life or enhance its value are not capitalized and should be treated as operating expenses.

Examples of items to be capitalized as buildings and building improvements are:

- Original purchase price of the building
- Expenses for remodeling, reconditioning, or altering a purchased building to make it ready for its intended use for the purpose for which it was acquired
- Environmental compliance costs (e.g., asbestos abatement)
- Professional fees (e.g., legal, architectural, engineering, inspections, and title searches)
- Lease cancellation or buyout costs to acquire property of existing leases
- Total Completed project costs of newly constructed buildings
- Cost of building permits
- Permanently attached fixtures or machinery that cannot be removed without impairing the structure and use of the building
- Additions to buildings (e.g., expansions, extensions, or enlargements)
- Conversion of non-usable space (e.g., attics, basements) into functional areas and usable space
- Structures attached to the building such as (e.g., covered patios, garages, enclosed stairwells)
- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- Original installation or upgrade of interior finishes (e.g. wall or ceiling coverings, carpeting, tile, paneling, parquet)
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of doors, doorframes, windows, built-in closets and cabinets
- Interior renovations (e.g., baseboards, moldings, light fixtures and ceiling trim)
- Exterior renovation (e.g., siding, roofing, masonry, or façade improvements)
- Installation or upgrade of plumbing and electrical wiring

- Installation or upgrade of communication and network systems (e.g., telephone, closed circuit television systems (CCTV), fiber optics, or other wiring integral to the building)

Examples of items to be considered maintenance and repairs and not capitalized as buildings are:

- Adding, removing, or relocating interior walls as part of renovation projects that are not considered major rehabilitation projects and do not increase the value of the building
- Improvement projects that provide minimal or no extension of useful life or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination, or other periodic maintenance
- Interior decorations such as draperies, blinds, curtain rods and wallpaper
- Exterior decoration such as detachable awnings, uncovered porches and decorative fences
- Maintenance-related interior renovations such as repainting, touch-up plastering, replacement of carpet, tile, or panel sections, sink and fixture refinishing
- Maintenance-related exterior renovations such as repainting, replacing sections of deteriorated siding, roofing, or masonry

The list of examples provided above is not intended to be all-inclusive. Other similar expenditures that do not meet capitalization criteria should also be treated as maintenance and repairs, and expensed accordingly.

C. *Infrastructure and Infrastructure Improvements*

Infrastructure assets are long-lived capital assets that are generally stationary in nature and have significantly longer useful lives than most other capital assets. These assets are essential to the functioning of the community and are typically part of large systems or networks.

Examples of infrastructure assets include:

- Roadways and streets
- Bridges and overpasses
- Drainage and stormwater systems
- Water distribution and sewer systems
- Street lighting and traffic signal systems

Infrastructure assets shall be capitalized and depreciated over their estimated useful lives. Additionally, improvements made to infrastructure assets that extend their useful life or increase their value beyond one year should be capitalized in accordance with applicable accounting standards.

D. *Property under Capital Lease*

A leased asset shall be capitalized if the lease agreement meets any one of the following criteria:

1. **Transfer of Ownership:** The lease transfers ownership of the property to the lessee by the end of the lease term.
2. **Bargain Purchase Option:** The lease contains a bargain purchase option that allows the lessee to acquire the asset at a price significantly below its expected fair market value
3. **Lease Term:** The lease term is equal to 75 percent or more of the estimated economic life of the leased asset
4. **Present Value of Lease Payments:** The present value of the minimum lease payments at the inception of the lease is equal to 90 percent or more of the fair value of the leased asset

A lease that does not meet any of the above capitalization requirements should be reported separately as an operating lease for inclusion in the city-wide financial statements.

E. *Construction Work in Progress*

Construction work in progress reflects the capitalized costs of buildings and other structures, infrastructure, additions, alterations, renovations, reconstruction, and installation, that are substantially incomplete and not yet available for their intended use. As these assets are not yet in service, the cost of construction work in progress should not be depreciated.

Once construction reaches substantial completion, the asset is occupied, or it is otherwise placed into service, whichever occurs first—the costs accumulated in Construction work in progress should be reclassified to the appropriate capital asset category (e.g., Buildings, Infrastructure, etc.) and depreciation should begin, as applicable.

It is the finance department's responsibility to monitor and track all costs related to construction work in progress to ensure the accurate capitalization of the final asset value. Departments must ensure that capitalization thresholds are met through the substance of the project and should not use multiyear appropriations for a project to circumvent the established capitalization threshold.

F. *Furniture, Machinery and Equipment*

Furniture, machinery and equipment include fixed or movable tangible assets acquired for use in operations, with an expected useful life exceeding one year from date of receipt. These assets are not intended for resale and support the ongoing functions of the city.

Examples include, but are not limited to:

- Office furniture (e.g., desks, chairs, filing cabinets)
- Machinery and industrial equipment
- Computers and related hardware (e.g., monitors, printers)
- Communication devices (e.g., radios, telecommunication equipment)
- Vehicles (e.g., cars, trucks, utility vehicles, garbage trucks, boats, ambulances, fire trucks)

These items should be capitalized and depreciated if they meet the applicable capitalization threshold and are not considered consumable or short-term items.

G. *Computer Software*

Computer software, that is either purchased or internally developed, shall be capitalized as a fixed asset if the total cost is equal to or exceeds \$75,000.

Purchased Software:

- The cost of the software, including related license fees, should be capitalized if the total dollar amount divided by the number of terminals or users served exceeds the capitalization threshold.

Internally Developed Software:

- Only costs incurred during the application development phase shall be capitalized.
- Costs associated with the preliminary project phase (e.g., planning, evaluation) and the post-implementation/operational phase (e.g., training, maintenance) should be expensed as incurred.
- Costs to develop or acquire software necessary to convert or access legacy data in a new information system should also be capitalized.

Note: General and administrative costs, including overhead expenditures related to software development, shall not be capitalized.

VII. Surplus and Scrap Disposal

The city manager or Finance Director shall have the authority to request reports from all city departments identifying all commodities or capital assets, that are no longer in use, obsolete, or no longer functional. The city manager or Finance Director shall have the authority to:

- Transfer/reassign these items from one department to another
- Exchange or trade them for new supplies or capital equipment
- Dispose of surplus items in accordance with city policies

Scrap Items:

Materials that are not on the asset register, with no resale value or a scrap value of less than \$500, may be discarded or scrapped as necessary. Departments are required to provide a list of such items shall be provided the Finance Director to ensure a permanent record of disposals is maintained.

Surplus Sales and Auctions:

To reduce storage requirement and eliminate safety or space concerns, the city manager or Finance Director shall have the authority to periodically sell surplus city property that is no longer suitable for city use. This may be done:

- On consignment through a public auction house, or on-line auction site:
- By sealed bid with sales awarded to the highest responsive and responsible bidder.

Surplus City Property may also be disposed of in accordance with F.S. § 274.05, which allows for the city to offer surplus property to other governmental units in the county for sale or donation or to private nonprofit agencies by sale or donation.

Items of an unusual nature which would not normally be sold at an auction will be presented to city council with a recommended method of sale or disposal.

Relinquishing city real property (land) is governed by Section 3.06(d) of the city charter and is not regulated by this policy.

VIII. Small Attractive Assets

Certain property items, while not meeting the capitalization threshold, are considered “small and attractive assets” due to their high risk of theft, loss, or misuse. These items must be safeguarded, tracked, and controlled with the same level of care as capital assets.

Each department is responsible for maintaining an annual inventory of small attractive assets under its control. Completed inventory sheets shall be submitted to the Finance Department for record keeping.

Examples of Small Attractive Assets include, but are not limited to:

- Computer equipment
- Laptop and desktop computers
- Cell phones
- Weed Wackers
- Power tools
- Chain saws

- Televisions VCR and DVD players
- Two-way radios
- Firearms
- Lawnmowers
- Video and Digital Cameras

Note: These items must be stored securely, and departments are expected to implement reasonable safeguards to prevent unauthorized use or theft.