

Requested by: Finance Director  
Prepared by: Clerk's Office

**RESOLUTION NO. ~~2014-16~~ 2026-04**

**A RESOLUTION OF THE CITY OF VENICE, FLORIDA ADOPTING A CAPITAL/FIXED ASSET POLICY;  
RESCINDING RESOLUTION NO. ~~2008-24~~ 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**SECTION 1.** Resolution No. ~~2008-24~~ 2014-16 adopting a capital/fixed asset policy is hereby rescinded in its entirety.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 43TH 10TH DAY OF MAY ~~2014~~ FEBRUARY 2026.

\_\_\_\_\_  
Nick Pachota, Mayor

ATTEST

\_\_\_\_\_  
Kelly Michaels, MMC, City Clerk

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 ~~is not practicably determinable~~ 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 ~~should be~~ 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 ~~correctly reporting these assets~~ 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 ~~unless they are~~ 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

~~It is the responsibility of~~ 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 ~~will be used to calculate for each capital asset recorded in the property system starting with~~ the month that the

asset is received by the city. The finance department is responsible for recording all depreciable the assets in the city's property system and assigning the correct general ledger codes/account numbers.

## V. Physical Inventory

~~Bi-annual physical inventory shall be taken and reviewed by the assigned custodian in each department.~~ 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 ~~is taken~~ using a preprinted fixed asset register. ~~with~~ 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 ~~to or changed on the individual fixed asset~~ register. ~~records or the listing of small attractive assets.~~
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. ~~the disposal or transfer out of assets not located.~~
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 ~~consist of~~ betterments, site preparation, and permanent improvements. ~~site improvements that ready land for its intended use.~~ The cost associated with land improvements is capitalized along with ~~added to~~ 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 gift
- 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.)

~~Items such as roads, bridges, and paved parking lots are not considered land improvements but are considered infrastructure.~~

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. ~~to and forming a permanent part of such a structure.~~

Building improvements are refer to capital expenditures that significantly ~~events that~~ materially 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. ~~Building improvements should not include maintenance and repairs done in the normal course of business.~~

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 ~~associated with~~ (e.g., baseboards, moldings, light fixtures and ceiling trim)
- Exterior renovation ~~such as installation or replacement of~~ (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), ~~networks~~, fiber optics cable, or other wiring integral to the building) ~~required in the installation of equipment (that will remain in the building)~~

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

- Adding, removing, and/or relocating interior ~~moving of walls relating to~~ 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 of minimal or no ~~added~~ extension of useful life expectancy and/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 ~~normally~~ are generally stationary in nature and ~~normally can be preserved for a~~ have significantly longer useful lives greater number of years 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 ~~roads~~,
- 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 of the assets, or both, 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 ~~economic construction activity status of~~ capitalized costs of buildings and other structures, infrastructure, additions, alterations, renovations, reconstruction, and installation, ~~which~~ 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. ~~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 assets are placed into service.~~

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, so that the final value of the constructed asset is correctly captured. 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. ~~for the project.~~

#### F. Furniture, Machinery and Equipment

Furniture, machinery and equipment include fixed or movable tangible assets ~~to be used~~ acquired for use in operations, the benefits of which extend beyond 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 of the computer software is equal to or exceeds ~~\$50,000~~ \$75,000.

Purchased Software:

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

### Internally Developed Software:

- Only costs associated with 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 obtain acquire software necessary to convert or that allows for access legacy data in a or conversion of old data by new information system should also be capitalized.

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

## VII. Surplus and Scrap Disposal

The city manager or designee Finance Director shall have the authority to ~~require~~ request reports from all city departments indicating identifying all commodities or capital items assets, which ~~that~~ are no longer used in use, or which have become obsolete, or no longer functional, worn-out. The city manager or designee 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 items
- Dispose of surplus items in accordance with city policies

### Scrap Items:

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

### Surplus Sales and Auctions:

~~In the interest of conserving space and eliminating storage problems and hazardous conditions,~~ To reduce storage requirement and eliminate safety or space concerns, the city manager or designee Finance Director shall have the authority to periodically sell surplus city property that is no longer suitable for city use, which has become unsuitable for city use This may be done:

- On consignment through a public auction house, or on-line auction site: or under the same terms and general conditions as detailed in the contract for the annual city auction. A listing of all saleable items, not including scrapped items, for either public auction
- By sealed bid, will be approved by city council and such with sales will be 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 abstracted from the list and submitted presented to city council with a recommended means method of sale or disposal.

~~Whenever the city determines to remove or replace capital equipment items that no longer serve a productive or useful public purpose, within 60 days of the receipt, field testing and acceptance of the newly purchased item (whichever tasks are applicable), the city will initiate a process to dispose of these items in a manner which best serves the economic and operational needs of the city. Such items would include, but are not limited to, cars, trucks, other vehicles and vehicle accessories, power equipment, computer and other communications equipment and office furnishings. The finance department will determine the best, most cost effective method of removal/disposal of said items. Disposal shall be in a commercially reasonable manner that may be by public sale, auction, trade on or other documented verifiable means. All transactions of public property as defined herein will be fully documented and said records retained in accordance with applicable local and state guidelines.~~

~~The city manager or designee shall be authorized to approve all sales where the net revenue to the city does not exceed \$15,000. All sales exceeding \$15,000 in net revenue to the city will be approved by city council, prior to completing the sale or conducting the sales event.~~

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 Property that is highly prone to theft, loss, or misuse. These items must be safeguarded, tracked, and controlled with the same level of care as capital assets.

~~An annual inventory of such items shall be maintained by the individual departments. Each department is responsible for maintaining an annual inventory of small attractive assets under its control. Completed inventory sheets shall be turned in submitted to the Finance Department for ~~asset list verification and reconciliation against the city’s asset listing~~ record keeping.~~

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

- Computer equipment
- Laptop and desktop computers
- Cell phones
- Weed Wackers
- Power and hand tools
- Chain saws
- Televisions VCR and DVD players
- Two-way radios
- Firearms ~~Guns~~

- 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.