

## FIXED ASSETS

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets and to depreciate those assets, including infrastructure assets that are to be recorded in RSU 68's annual financial statements in order to comply with the requirements of GASB Statement No. 34.

### **Capital Asset Definition**

Capital assets will be defined as tangible and intangible assets that have lives that extend beyond a single reporting period.

### **Capitalization Method**

All capital assets will be recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets will be recorded at estimated costs by calculating current replacement cost and deflating the cost using the appropriate price-level index.

### **Capitalization Thresholds**

RSU 68 establishes the following minimum capitalization thresholds for capitalizing fixed assets:

Land and improvements	\$25,000
Buildings and improvements	\$50,000
Machinery/equipment/vehicles	\$5,000
Infrastructure	\$150,000

Detailed records shall be maintained for all fixed assets above the established thresholds.

### **Infrastructure Assets**

In accordance with GASB Statement 34, RSU 68 will record, at a minimum, "major" infrastructure assets as defined in Statement 34 that were acquired, constructed or significantly reconstructed, or that received significant improvements after June 30, 1980. Other infrastructure assets may be capitalized as deemed appropriate. The District does not intend to use the "modified approach" to record infrastructure.

### **Other Assets**

Detailed records shall be maintained at the discretion of the Superintendent for all items below the established capitalization thresholds that should be safeguarded from loss. These items may include computer equipment and any other assets specified by the Superintendent.

### **Depreciation and Useful Life**

The Superintendent will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation will be recorded based

on the straight line method using actual month convention and depreciated down to the assets salvage value.

**Safeguarding and Controlling Fixed Assets**

The Financial Secretary will maintain a database of fixed assets. A physical inventory will be taken bi-annually on or about June 30 and compared to the physical inventory records. The results will be forwarded to the Financial Secretary where appropriate adjustments will be made to the fixed asset records.

Policy Committee Review:	<u>6-5-2012</u>
First Reading:	<u>6-5-2012</u>
Second Reading:	<u>6-19-2012</u>
Enacted:	<u>6-19-2012</u>