

## **BOARD POLICY**

### **3000 BUSINESS**

#### **3265 Capital and Fixed Asset Policy**

##### **I. Purpose**

Regional School District No. 8 Capital Asset Policy follows the requirements set forth by the Governmental Accounting Standards Board Statement No. 34 as it pertains to Capital Asset Reporting.

##### **II. Definition**

The policy applies to Regional School District No. 8 acquisition and depreciation of capital assets. Capital assets include land, improvements to land, easements, buildings and building additions, building improvements, furniture, fixtures and equipment, equipment under lease, vehicles, works of art and historical treasures, construction-in progress, and infrastructure. Capital assets are tangible assets used in operations and have initial useful lives extending beyond a single reporting period. Equipment will not change its original shape, appearance or character with use and it can be expected to last more than one year with reasonable care and maintenance.

##### **III. Authority**

Participation of the school entity in any such activity shall be in accordance with Board policy

##### **IV. Delegation of Authority**

The Board of Education delegates to the Superintendent of Schools or his/her designee, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy. The Superintendent of Schools or his/her designee shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.

##### **V. Guidelines**

###### **CAPITAL ASSET ADDITION OVERVIEW**

- A. Purchased Capital Assets greater than \$1,000 should be recorded at historical/original cost. The cost of a capital asset should include capitalized interest and 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 - such as freight and transportation charges, site preparation costs, and professional fees.

Purchases less than \$1,000, but have lives that extend beyond one year and need to be controlled for insurance purposes, should be classified as non-capital equipment expenditures. Purchases less than \$1,000, and are consumed within the fiscal year are treated as supplies.

Group purchases of assets greater than \$1,000 should be recorded at historical cost. Group assets are assigned to one specific location, are movable property requiring loss control, and have a useful life extending beyond a single reporting period. Group assets include classroom furniture, classroom texts, library books, musical instruments, computer equipment, and band uniforms. Group purchases less than \$1,000 are not capitalized.

- B. Capital Assets should be depreciated over their useful lives as determined for each asset class. Land, and some land improvements, are considered inexhaustible, and are therefore not subject to depreciation.
- C. If determining historical costs is not practical due to inadequate records, reporting should be based on estimates of original cost at the date of construction or purchase.
- D. Depending upon the information available and the category of the asset, fixed asset records should include all or part of the following:

|                             |                          |
|-----------------------------|--------------------------|
| Asset Tag Number            | Estimated Useful Life    |
| Description                 | Depreciation Method      |
| Asset Class                 | Salvage Value            |
| Serial Number               | Accumulated Depreciation |
| Cost                        | Depreciation Expense     |
| Location or Functional Area | Replacement Cost         |
| Acquisition Date            |                          |

#### DONATIONS

Donated Capital Assets must be reported at fair market value plus ancillary charges, if any, at the time of donation. Donated assets are depreciated over their useful lives as determined for each asset class. If determining historical costs is not practical due to inadequate records, reporting should be based on estimates of fair market value at the date of donation.

#### COLLECTIONS

- A. Works of art, historical treasures and similar assets should be capitalized at their historical cost or fair value at date of donation (estimated if necessary) whether they are held as individual items or in a collection.
- B. Capitalized collections or individual items that are exhaustible should be depreciated over their useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

#### INFRASTRUCTURE

Definition: Infrastructure (fixed) assets are long lived capital assets that normally are stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. Infrastructure includes roads, electrical distribution systems, street lighting, water wells, etc.

- A. Infrastructure assets should be depreciated over their useful lives.
- B. Routine repairs and maintenance costs are charged to operations as incurred. Expenditures that extend the useful life of the infrastructure are capitalized as part of the asset and depreciated over the newly established useful life.

### USEFUL LIVES

Useful lives of fixed assets relate to the life expectancy as used by the specific governmental unit. The following table should be used to assist the district in estimating the useful life of a capital asset:

| Asset Class             | Examples  | Years/Range |
|-------------------------|---|-------------|
| Land                    |   | N/A         |
| Site Improvements       | Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting. | 15-20       |
| School Buildings        |   | 40-50       |
| HVAC                    | Heating, ventilation, and air conditioning                                | 20-25       |
| Roofing                 |   | 20-25       |
| Interior Construction   |   | 25-30       |
| Carpet Replacement      |   | 5-7         |
| Electrical/Plumbing     |   | 25-30       |
| Sprinkler/Fire System   |   | 20-25       |
| Outdoor Equipment       | Playground, radio towers, fuel tanks, pumps                               | 15-20       |
| Machinery & tools       | Shop & maintenance equipment, tools                                       | 10-15       |
| Kitchen Equipment       | Appliances  | 10-15       |
| Custodial Equipment     | Floor Scrubbers, vacuums, other   | 5-10        |
| Furniture & Accessories | Classroom and office furniture  | 15-20       |
| Business Machines       | Fax, duplicating & printing equipment                                     | 5-10        |
| Communication Equipment | Mobile, portable radios, non-computerized                                 | 5-10        |
| Computer Hardware       | PC's, printers, network hardware  | 3-5         |
| Computer Software       | Instructional, other short-term   | 5-10        |
| Computer Software       | Administrative or Long-term   | 5-10        |
| Audio Visual Equipment  | Projectors, cameras (still & digital)                                     | 7-10        |
| Musical Instruments     | Pianos, string, brass, percussion   | 10-15       |
| Library Books           | Collections   | 5-7         |
| Licensed Vehicles       | Busses, other on-road vehicles  | 8-10        |
| Grounds Equipment       | Mowers, tractors, attachments   | 10-15       |

### DEPRECIATION

- A. Depreciation is required for the District's Capital Assets. Depreciation is allocated to expense in a systematic and rational manner. Depreciation is calculated using the Straight Line method and reported by area of activity (function). The District calculates depreciation on all capital assets reported in the District financial statements other than land, permanent improvements to land, and construction in progress.
- B. Depreciation may be calculated for a class of assets, a network of assets or individual assets.

### DISPOSALS

All requests to dispose of equipment or materials need the approval of the Superintendent of Schools or his/her designee the following steps will be followed:

- A. Transfer to towns: The First Selectman or Town Manager of the three towns will be notified via e-mail that equipment or materials approved for disposal are available and shall request an e-mailed response within 15 business days indicating the town agency's interest, if any, in such equipment or materials. In the event two or more agencies express interest the Superintendent of Schools or his/her designee will determine who responded first based on the time stamp of the e-mailed responses. Such transfers shall be made to town agencies at no charge, except that the town agencies shall be responsible for any transfer or relocation costs associated with such transfer of property.
- B. Sale of Fixed Assets: If no town agency requests the property the items may be put up for sale. When fixed assets are sold, calculation of gain or loss on disposal is required. The calculation is based upon the amount of proceeds received less the net book value (cost less accumulated depreciation taken on the asset).
- C. Trade-ins: The value given for a trade is part of the cost of the newly acquired asset. The costs and accumulated depreciation of the traded-in asset must be removed from the books. Any gain or loss resulting from the disposition of the asset will be recognized as a gain or loss on disposal.

#### ASSETS ACQUIRED BY CAPITAL LEASE

- A. Assets acquired by Capital Lease are recorded at the net present value of the future minimum lease payments. A corresponding liability is established at this time. Assets acquired under the terms of capital leases are depreciated over the useful lives designated for the asset class.

Adopted: August, 2019