



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

## Capital Asset Policy

*Adopted by the Simsbury Board of Finance on June 20, 2018*

*Revised by the Simsbury Board of Finance on February 19, 2019*

### I. PURPOSE

The policy establishes guidelines, capitalization thresholds and useful life, and procedures for the inventory, depreciation and disposal of the Town's capital assets. It will assist the Finance Department in gathering and maintaining information needed for the preparation of the Comprehensive Annual Financial Report.

### II. THRESHOLDS

	<u>GFOA Recommended</u>	<u>Board of Finance Approved</u>
<b><u>Capitalization</u></b>		
<b>Equipment</b>	>\$5,000	\$10,000
<b>Improvements</b> <i>(e.g. building additions, parking lot expansion)</i>	\$20,000	\$20,000
<b>Infrastructure</b> <i>(e.g. new roads, sewer lines, bridges, dams)</i>	\$100,000	\$100,000
<b><u>Accountability</u></b>		
<b>Equipment other than computers</b>	<i>These will not be capitalized unless they meet the thresholds as defined above. They will be inventoried for insurance purposes.</i>	
<b>Computer Equipment</b>		

### III. GROUP PURCHASES

A total purchase for an amount greater than the thresholds defined above, which consists of more than one item purchased, with individual items which are below the threshold, will not be capitalized.

Example: More than one computer  
Multiple desks and chairs

#### **IV. ROAD IMPROVEMENTS**

Resurfacing is considered to be road maintenance. Improvements that expand capacity are to be capitalized.

Example: Changing a one lane road to two, or adding a turning lane or paving unimproved road.

#### **V. OTHER IMPROVEMENTS**

Replacing a roof, carpeting, windows (unless the replacement has other benefits) are considered maintenance and should not be capitalized.

If the improvement increases capacity, use or significantly increases the useful life, then it should be capitalized if it is over the threshold.

#### **VI. RECORDING OF ASSETS**

Assets will be recorded individually to the extent possible to ensure proper accountability, accurate depreciation, and to allow for specific identification for recording of disposition.

#### **VII. DONATED ASSETS**

Donated assets are to be recorded at the fair market value at the date of gift. Department heads are responsible for completing the fixed asset addition form for all assets donated above the capitalization and accountability thresholds.

#### **VIII. DEPRECIABLE LIVES**

Depreciable lives should be based upon actual expected use by the Town, not by tax lives or other general estimates. An attempt should be made to set the depreciable lives to coincide with the Town's capital replacement program.

Department Heads should be consulted on the specialty equipment used by their departments for depreciable lives.

Standard useful lives include:

- Roads: 30-50 years
- Sewer Lines and Water Lines: 50 years
- Bridges/Large Culverts: 30-50 years

- Dams: 50 years
- Buildings: 50-75 years
- Fire Equipment: 20-25 years
- Ambulances: 5 years
- Vehicles: 3-15 years
  - Autos, Light Trucks, Heavy Trucks
- Machinery and Equipment: 3-10 years
- Construction Equipment: 5 years

For Construction in Progress update the asset record from the previous year until the asset is complete and transferred to the appropriate category.

## **IX. DISPOSAL**

Assets with cost of \$10,000 or greater:

For all assets of \$10,000 or greater, disposal will require completion of the fixed asset disposal form and approval by the Finance Department. In no circumstance may an asset be disposed of without prior approval.

To the extent possible, the Department head will complete all data on the Fixed Asset Disposal Form, and submit for approval. Upon approval the asset may be disposed of by the approved manner appropriate in the circumstance (trash, sale, trade-in).

Asset impairments:

If an asset has suffered a significant impairment in function or useful life due to level of use, accident or other damage, the event with the estimated effect of the impairment and any intent to repair the asset to original operating condition should be reported to the Finance Department.

**FIXED ASSET ADDITION  
DATA ENTRY FORM**

ASSET DESCRIPTION: \_\_\_\_\_

ASSET NUMBER (IF APPLICABLE): \_\_\_\_\_

DATE OF ACQUISITION: \_\_\_\_\_

COST: \_\_\_\_\_

USEFUL LIFE: \_\_\_\_\_

SALVAGE VALUE: \_\_\_\_\_

SERIAL NUMBER: \_\_\_\_\_

TYPE OF ASSET: \_\_\_\_\_

TOWN DEPARTMENT: \_\_\_\_\_

LOCATION OF ASSET: \_\_\_\_\_

SOURCE OF FUND: \_\_\_\_\_  
(TAXES, GRANTS, BONDS, DONATIONS)

CAPITALIZATION OR ACCOUNTABILITY POLICY: \_\_\_\_\_

ENTERED BY: \_\_\_\_\_

**FIXED ASSET DELETION  
DATA ENTRY FORM**

ASSET DESCRIPTION: \_\_\_\_\_

ASSET NUMBER (IF APPLICABLE): \_\_\_\_\_

DATE OF ACQUISITION: \_\_\_\_\_

COST: \_\_\_\_\_

SERIAL NUMBER: \_\_\_\_\_

TYPE OF ASSET: \_\_\_\_\_

TOWN DEPARTMENT: \_\_\_\_\_

LOCATION OF ASSET: \_\_\_\_\_

SOURCE OF FUND: \_\_\_\_\_  
(TAXES, GRANTS, BONDS, DONATIONS)

REASON FOR DISPOSAL: \_\_\_\_\_

TYPE OF DISPOSTION:	SALE	_____
	DISCARDED	_____
	DONATED	_____
	OTHER	_____

ENTERED BY: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_