

**TOWN OF WATERBORO, MAINE  
FIXED ASSET POLICY**

ADOPTED: March 3, 2005 AND EFFECTIVE March 3, 2005

This Fixed Asset Policy is hereby adopted by the Town of Waterboro, Maine and is effective as of the date indicated above.

**SCOPE**

This policy applies to all applicable transactions executed by the Town of Waterboro and any of its component units governed by GASB Statement Number 34.

**PURPOSE**

The objective of this policy is to govern the accounting treatment of assets acquired by the Town deemed to be subject to capitalization, hereafter referred to as Capital Assets.

**DEFINITION OF CAPITAL ASSET AND CAPITALIZATION THRESHOLD**

Capital Assets are defined to be those tangible assets which at the time of acquisition can be reasonably expected to provide useful economic benefit to the Town for a period lasting at least two years, and which at the time of acquisition carry a cost or other basis of at least \$5,000.000. This Capitalization Threshold shall be applied to individual assets and to networks or subsystems of similar assets.

**ACCOUNTING TREATMENT OF CAPITAL ASSET ACQUISITIONS**

Purchases or other acquisitions of all tangible assets meeting the definition of Capital Asset stated above shall be recorded as expenditures in the appropriate governmental fund, but shall also be recorded as additions to the Town's Capital Asset Listing, described in detail below. Such additions shall be recorded at cost or other appropriate basis.

Adopted at the March 3, 2005 Board of Selectmen's Meeting

## **DEPRECIATION OF CAPITAL ASSETS**

All assets included in the Town's Capital Asset Listing shall be subject to depreciation, which shall be recorded annually on the face of the Capital Asset Listing. Depreciation shall be computed using the straight-line method and half-year convention. In order to facilitate this, upon acquisition, all capital assets shall have an estimated useful life and salvage value assigned based on the nature of the asset in question and the accompanying Schedule of Useful Lives. Annual depreciation expense shall be computed by dividing the excess of cost or other basis over salvage value (if any), by the number of years of estimated useful life determined for the asset. To simplify this process, one half-year's depreciation will be recorded in both the year of acquisition as well as in the final year of depreciation. The capital Asset Listing shall include annual depreciation expense for each entry as well as accumulated depreciation for each entry. In addition, the Listing shall include for each entry the estimated useful life assigned and the salvage value, if any, along with appropriate identifying and descriptive information and date place in service.

## **ACCOUNTING FOR INFRASTRUCTURE ASSETS**

General infrastructure assets are defined to be those immovable tangible assets belonging to the Town, which are of no or little value to any party other than the Town itself. This term includes items such as roads, bridges, dams, storm drains, and culverts.

In accordance with GASB Statement Number 34, the Town shall currently include in its Capital Asset Listing those infrastructure assets, which are acquired, significantly reconstructed or significantly improved concurrent with or subsequent to the effective date of this Policy. With respect to retroactive reporting of infrastructure assets, the Town hereby elects to defer inclusion in its Capital Asset Listing of those infrastructure assets, acquired or significantly improved between July 1, 1980 and the effective date of this policy until the issuance of annual financial statements for the year ending June 30, 2004. Notwithstanding, the Town's election to not apply its capitalization threshold to networks or subsystems of assets, inclusion of infrastructure, reconstructed or improved during this time span shall be limited to those networks or subsystems of assets considered to be major as that term is used within Statement Number 34. Specifically, retroactive infrastructure capitalization shall only be applied to those networks of infrastructure assets equal to or exceeding 10% of the total non-infrastructure capital assets of the Town as the year ended June 30, 2003.

## **FIXED ASSET ACCOUNTING SYSTEM**

The town shall maintain a Capital Asset Listing, as referred to above, using spreadsheet software such as Microsoft Excel or another suitable product in accordance with the accounting requirements detailed above

Adopted at the March 3, 2005 Board of Selectmen's Meeting

**TOWN OF WATERBORO  
SCHEDULE OF USEFUL LIVES**

<u>Category</u>	<u>Asset Type</u>	<u>Useful Life In Years</u>
Buildings	Carpeting & Carpet Replacement	7
Buildings	Building Roofs & Roofing	20
Buildings	HVAC Systems	20
Buildings	Building Electrical & Plumbing	30
Buildings	Building Structures	30
Emergency Equipment	Medical Equipment	5
Emergency Equipment	Firefighting Equipment	10
Emergency Equipment	Radio Communication Equipment	16
Emergency Equipment	Fire Trucks	20
Highway Equipment	Plow Trucks	16
Highway Equipment	Construction Equipment	12
Highway Equipment	Traffic Control Equipment	10
Infrastructure	Land Improvements	15
Infrastructure	Drainage Systems	25
Infrastructure	Water Systems-Irrigation	15
Infrastructure	Dams-Steel, Sheet Pile	30
Infrastructure	Roads-Paved	10
Infrastructure	Roads-Asphalt, Rural	10
Infrastructure	Roads-Unpaved	2
Infrastructure	Roads-Asphalt, Urban	8
Infrastructure	Dams-concrete	50
Infrastructure	Sidewalks & Curbing	20
Light Vehicles	Motor Vehicles-Cars	7
Light Vehicles	Motor Vehicles-Light Trucks	7
Maintenance Equipment	Custodial Equipment	12
Maintenance Equipment	Grounds Equipment	12
Office and Related	Telephone Equipment	10
Office and Related	Furniture	5
Office and Related	Office Equipment	5
Office and Related	Computer Hardware	5
Office and Related	Artwork Collections	7
Equipment	Recreational Equipment	10
Equipment	Outdoor Equipment	20

Adopted at the March 3, 2005 Board of Selectmen's Meeting