

Town of Readfield – Asset Inventory & Capitalization Policy

1. Purpose

This Policy is adopted to establish procedures for keeping an inventory of capital assets owned by the Town of Readfield and planning for capital needs through a Capital Investment Plan. It is intended to set procedures for the inventory of assets to facilitate capital planning and budgeting efforts, provide information for insurance purposes, and meet the requirements of Governmental Accounting Standards Board Statement #34. This policy generally serves to improve budgeting through more and better information, and to lessen the impacts of capital expenditure on taxpayers by allowing for the thoughtful prioritization and planning of these expenditures.

2. Definitions

Capital Assets:

- Having a value of \$5,000 or more. This requirement can be for an individual item in excess of \$5,000, or for a “collection” such as a telephone system or computer network system.
- Having an estimated useful life of two years or more.
- Major capital asset categories will be buildings and improvements, land and improvements, machinery and equipment, vehicles, and transportation infrastructure.

Infrastructure:

- The basic physical structures that facilitate transportation and navigation; including, roads, bridges, dams, and water management systems.

Non-Capital Assets:

- Assets that are not capital assets.
- Having a value of less than \$5,000.
- Having an estimated useful life of less than 2 years.
- Generally, these assets include perishable or disposable supplies and supplies that are intended to be used in the course of providing municipal services (stockpiled road materials, perishable rescue supplies, etc.).

3. Enactment

This policy is enacted upon a majority vote of the Board of Selectmen and may be amended or repealed from time to time by the Selectmen or by Town Meeting.

4. Policy

Inventory An inventory of all capital assets will be conducted no less than every three years under the direction of the Treasurer. Capital assets will be recorded on an ongoing basis and as detailed below.

Capital Investment Plan: The Town of Readfield will maintain a Capital Investment Plan. The plan shall be the responsibility of the Treasurer and shall be updated in conjunction with the annual budget process. The plan will include all current capital assets and planned capital expenditures of the Town of Readfield. The plan format will be flexible but should include basic asset information in table form. A sample format is attached to this policy

Town of Readfield – Asset Inventory & Capitalization Policy

Capitalization Method: All capital assets will be recorded at historical cost as of the date acquired or constructed, except for infrastructure, which is discussed later. If historical cost information is not available, assets will be recorded at the estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

New Acquisitions: The Town will inventory and capitalize new capital assets that meet the criteria of this policy. Following the receipt of the item(s) that meet the criteria stated above, the value and other information should be noted by the Treasurer for inclusion in the Capital Investment Plan. Additions, improvements, repairs, or replacements to existing capital assets are not considered new acquisitions and are discussed below.

Improvements: The Town will capitalize substantial improvements to existing capital assets if the improvements meet the criteria of this policy.

Collections: The Town may capitalize the items listed below as collections

- Computers and Software, Printers, and Other Electronics
- Storage (safes, file cabinets, etc.) and Office Furniture
- Radios and Pagers
- Art Works and Historic Treasures
- Telephone Systems
- Mobile Fire and Rescue Equipment (equipment on truck “x”, all SCBA packs, etc.)
- Any other assets bought in a bulk purchase or reasonably aggregated that meets the criteria of this policy

Infrastructure: The Town of Readfield will report infrastructure to comply with G.A.S.B. #34. The Town will report its infrastructure assets at historical cost (if purchased or constructed) or estimated fair value (if donated). The Town will use an estimated historical cost when the actual cost cannot be identified. The replacement cost for infrastructure assets will be based on current year construction costs for similar assets or other information that approximates current replacement cost. The Town of Readfield will report newly acquired or constructed infrastructure assets in the fiscal year it acquires or constructs infrastructure assets. Also, the Town will use any existing sources of information to provide support for initial cost estimates for its infrastructure assets, such as bond documents, engineering documents, and capital budgets.

Budget Process: Requests for planned capital expenditures must be made through the budget process on a request and tracking form provided by the municipal Treasurer.

5. Review

This policy shall be reviewed in conjunction with any full inventory of capital assets as called for under section 4.

6. Adoption and Revision History

Adopted on: _____

Attested: _____.