



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 \$10,000, but have lives that extend beyond one year and need to be controlled for insurance purposes, should be classified as non-capital assets. Purchases less than \$10,000, and are consumed within the fiscal year are treated as supplies and coded to the supply objects prescribed by the New Hampshire Public School Accounting Manual.

Group purchases of assets greater than \$10,000 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 \$10,000 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 if Assigned	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 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 the 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 related 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 Systems	Heating, ventilation, and air conditioning Systems	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	Buses, other on-road vehicles	8-10
Grounds Equipment	Mowers, tractors, attachments	10-15

Source: ASBO

## 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, network of assets or individual assets.

## DISPOSALS

- A. Sale of Fixed Assets: 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).
- B. Trade-ins: The value given for a trade is part of the costs 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.
- C. Disposal of Obsolete/Damaged Computer Equipment Policy
  1. Determine if the equipment is in working order:
    - Broken – Throw away the equipment
    - Serviceable – Proceed to Step 2
  2. Attempt to assemble a complete computer system to give to a needy student/family. If none is found, proceed to Step 3.

3. Using the “Friday Notice”, offer the equipment to any local residents or organizations that would like it (on a first come, first served basis). If no one accepts the offer, proceed to Step 4.
4. Offer the equipment to staff members who are not residents of Henniker. If no one accepts the offer, proceed to Step 5.
5. Contact the other schools in the SAU to see if they have anyone in town that might be able to use the equipment. If no one is found, proceed to Step 6.
6. Throw away the equipment.

Process will take no longer than eight weeks.

### **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.