

CAPITAL ASSETS AND DEPRECIATION POLICY
TOWN OF GREENFIELD, NH

As adopted:

Every capital asset has a limited useful service life that spans more than one year. These are categorized as Land, Land Improvements, Buildings, Building Improvements, Construction in Progress, Fixed Equipment, Movable Equipment and Vehicles. The Town will identify and record assets in its accounting records. It will determine depreciation based on the historical acquisition costs of the assets or the fair market value of donated assets and utilize a straight-line method of depreciation over the estimated useful life of the asset.

Land is real estate including closing costs, appraisals, and purchase of rights-of-way and/or site preparation.

Land Improvements are assets of an aboveground or belowground nature, found in the land area contiguous to and designated for serving town facilities. These assets include, but are not limited to, landscaping, property drainage, driveways, parking lots, sidewalks, fences, area lighting of parking lots and driveways, fences, and retaining walls. Asset cost could include costs of architectural and consulting fees for new or renovated improvements.

Buildings are structures consisting of building shell; exterior walls, interior framings, walls, floors, and ceilings as well as building components that are part of the building shell or interior construction. The asset cost would include architectural and consulting expenses for newly constructed or renovated buildings.

Building Improvements include, but are not limited to, design, major permanent structural alterations, roof replacements, interior and exterior renovations, fire protection systems, electrical and plumbing upgrades.

Fixed Equipment includes assets that are permanently affixed to the building structure and are not subject to movement but have shorter useful lives than that of the building. This includes building services equipment that includes mechanical components or systems designed for the building.

Movable Equipment is defined as assets that are generally assigned to a specific department and have the capacity of being relocated. The assets have a minimum useful life of at least three years.

TABLE 1		
Classification	Capitalization Level	Depreciate
Land	All	No
Land Improvements	\$5,000	Yes
Moveable Equipment- Recycling Center, Highway, Police, Fire, Library	\$5,000	Yes
Fixed Equipment – Fire, Highway, Town Office, Library, Recycling Center	\$5,000	Yes
Vehicles	\$5,000	Yes

There are certain items of equipment that should be inventoried and/or depreciated although their values do not meet the capitalization level in Table I. These include:

TABLE II	
Police Weapons	Inventory all; use \$5,000 capitalization threshold
Federal Grant Purchases	Inventory \$1,000; use \$5,000 capitalization threshold
Group Aggregation	When the amount of a single equipment item is less than \$5,000 but when the combined cost of a quantity of the same item is purchased is \$5,000 or more, the items shall be capitalized and depreciated as a group.
Software	Do not capitalize

The straight-line method of depreciation is used to calculate depreciation. The Town may take into consideration salvage value at the end of an asset's useful life. Grouped assets will not be assigned a salvage value.

A full year's depreciation will be taken on assets purchased prior to December 30th. One half of a full year's depreciation will be taken on assets purchased January 1 and after.

Table III reflects the useful lives of the various categories of capital assets for Town general government. Assets will be written off, along with accumulated depreciation when the asset is no longer in use. Assets fully depreciated, but still in use, will remain on the books.

TABLE III		
Category	Examples	Years
Land		None
Land Improvements:		
Ground Work	Landscaping	10
Structural	Fencing, Parking Lots, Retaining Walls, etc.	20
	Asphalt Paving	8
Buildings	Masonry, Concrete	40
	Masonry, Steel Fireproof	40
	Masonry, Wood/Metal Frame	25
	Metal Clad Building	20
	Storage Buildings	25
	Wood Framed	20
Building Improvements		5-25
Highway Equipment	Mower, Grader, Backhoe, Trucks, Trackless	15
Fire	Trucks	15
Police	Cruisers	4

William E. Brooks, Chairman

Date

George P. Rainier, Selectman

Date

Conrad B. Dumas, Selectman

Date