

SUBJECT: CAPITAL ASSETS

Capital Assets

Property records and inventory records shall be maintained on all land, land improvements, buildings, vehicles, and equipment under the control of the Center Moriches School District's Business Office.

The district will maintain a comprehensive capital assets program requiring periodic inventory of district assets, designed to protect the district against losses which would significantly affect the district's pupils, patrons, personnel, property, budget or the ability of the district to continue to fulfill its responsibilities. The capital assets program will take into consideration requirements of the laws and regulations of the state of New York, the NYS Office of the State Comptroller, as well as property management guidelines of the OMB of the Federal Government.

The district shall also be responsible for the accounting of capital assets according to the procedures outlined by the Uniform System of Accounts for School Districts. The district's accounting procedures will serve to:

- Maintain a physical inventory of assets;
- Establish accountability;
- Determine replacement costs; and
- Provide appropriate insurance coverage.

The district defines capital assets as non-consumable assets with a normal service life of more than two years. In order for the proper control and conservation of district property, the district shall maintain inventory records and account for capital expenditures in accordance with the following guidelines:

Inventory Records

An itemized list for tracking and controlling property:

- All equipment items costing in excess of \$500 shall be inventoried; and
- All non-equipment capital assets in excess of \$1,000 shall be inventoried.

Capital Expenditure Accounting

Capitalization is an accounting treatment whereby an item is recorded as a long-term asset on the

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balance sheet rather than as a consumable expense of the current period:

- Fixed assets having an estimated useful life of at least two years following the date of acquisition will be capitalized; and
- Capitalization thresholds will be applied to individual fixed assets as well as groups of homogeneous fixed assets.

Capital assets shall be recorded at initial cost or, if not available, at estimated initial cost; gifts of capital assets shall be recorded at estimated fair value at the time of the gift. A property record will be maintained for each capital asset and will contain, where possible, the following information:

- Date of acquisition;
- Name and description of property;
- Cost or value of the asset at acquisition;
- Location of equipment;
- Serial number and other identification number;
- Estimated useful life; and
- Date and method of disposition.

Each capital asset shall be assigned an inventory control number which will be affixed to the item. For the purposes of GASB 34 reporting:

- Equipment with a value of \$500 shall be capitalized and depreciated ;
- Equipment costing less than \$500 shall be expensed;
- All non-equipment capital assets costing in excess of \$1,000 shall be capitalized and depreciated; and
- All non-equipment capital assets costing less than \$1,000 shall be expensed.

Some assets individually may fall below the capitalization threshold but may be purchased in large quantities by the district. Examples include library books, textbooks, chairs, and computers. The district may choose to capitalize these assets as groups.

Useful lives will be determined in the year of purchase based on general guidelines obtained from professional organizations and the asset's present condition. For purposes of GASB 34, the district will use the straight-line method of depreciation and depreciation expense will be calculated beginning in the year of acquisition.

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The disposal of capital assets must be approved by the Board of Education and can only be disposed of in one of four (4) ways:

1. Sell the item via competitive bid;
2. Sell the item via public auction;
3. Donations to other public non-profit agencies; and
4. Discard – the district will discard the asset in the most environmentally appropriate manner.

The transfer of equipment tagged as a capital asset with a value of \$500 or greater moved on a permanent basis from one building location to another building location shall be updated in the inventory records. It shall be the responsibility of the building principal, administrator, supervisor or department head to notify the Business Office of the transfer so the asset records can be updated. An asset transfer form shall be used as appropriate back-up. School district equipment shall not be removed from district property for personal use.

Adopted: 8/17/11

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