

BLOOMSBURG AREA SCHOOL DISTRICT Policy Manual
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Section: FINANCES

Title: CAPITAL ASSET POLICY

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623. CAPITAL ASSET POLICY

.1 Purpose

The Bloomsburg Area School District Capital Asset Policy follows the requirements set forth by the Governmental Accounting Standards Board Statement No. 34 as it pertains to Capital Asset Reporting.

.2 Definition

The policy applies to Bloomsburg Area School District's acquisition and depreciation of capital assets. Capital assets include land, improvements to land, easements, buildings and building additions, building improvements, furniture, fixtures and equipment, equipment under lease, vehicles, works of art and historical treasures, construction-in-progress, and infrastructure. Capital assets are tangible assets used in operations and have initial useful lives extending beyond a single reporting period. Equipment will not change its original shape, appearance or character with use and it can be expected to last more than one year with reasonable care and maintenance.

.3 Delegation of Authority

The Board of School Directors delegates to the Business Administrator, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy. The Business Administrator shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.

.4 Guidelines

CAPITAL ASSET ADDITION OVERVIEW

A. Purchased Capital Assets equal to or greater than \$1,500.00 per

individual asset should be recorded at historical/original cost. The cost of a capital asset should include 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 \$1,500.00 per asset, but have lives that extend beyond one year and need to be controlled for insurance purposes, should be classified as non-capital equipment expenditures, and coded to the object specified by the Pennsylvania Public School Accounting Manual. Purchases less than \$1,500.00 per asset, and are consumed within the fiscal year are treated as supplies and coded to the supply objects prescribed by the Pennsylvania Public School Accounting Manual.

Technology purchases equal to or greater than \$500.00 per individual item should be recovered at historical/original cost.

- 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	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.

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, a 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 cost 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.

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.