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Non-Instructional/Business Operations

CAPITAL ASSETS POLICY AND PROCEDURES

Purpose

This document aims to establish policies and procedures for accounting and safeguarding the capital assets of the District.

Definition and Accounting:

Capital assets are defined as tangible or intangible assets used in operations with useful lives of more than two years. Examples include land and land improvements, buildings and building improvements, vehicles, machinery, and equipment.

The Board sets a dollar threshold of \$5,000 as a basis for determining which capital assets should be depreciated. This threshold ensures that at least eighty percent (80%) of the value of all assets is reported. The same threshold applies to assets whose individual acquisition costs are below the threshold but are significant when considered collectively. Examples of such assets include computers, classroom furniture, and library books. Depreciation calculations will follow a standardized method and averaging convention.

Capital assets with a value equal to or greater than the established threshold are considered depreciable assets. These assets will be inventoried for GASB 34 accounting purposes and placed on a depreciation schedule based on their asset class and estimated useful life, as stipulated by the New York State Comptroller's Office or the Internal Revenue Service (IRS). Assets will be recorded at their initial cost or, if unavailable, at estimated initial cost. Capital assets received as gifts will be recorded at their estimated fair value at the time of the gift.

Intangible assets, such as internally-generated computer software, right-to-use subscription assets for subscription-based information technology arrangements (SBITAs) that meet the requirements of GASB Statement No. 96, will also be recorded as capital assets. The threshold for capitalizing intangible assets will be \$35,000, based on the total contract value for the duration of the non-cancellable period of the contract. Intangible asset will be amortized in a systematic and rational manner over the shorter of the useful life of the underlying asset or the term of the lease arrangement.

Capital assets meeting the Board's established minimum value and having a useful life of one (1) year or more, with physical characteristics not significantly affected by use or consumption, will be inventoried and recorded annually. These Capital assets included land, buildings, equipment, and materials.

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Property Manager

Superintendent or his/her designee shall be responsible for maintaining a continuous and accurate inventory of the District's equipment, following "The Uniform System of Accounts for School Districts." The District will utilize a third-party Property Appraisal Program to conduct a physical appraisal of the buildings and contents, valuing them in accordance with GASB-34 accounting regulations. An inventory will be taken as of the end of each school year for each building and designated departments including the office of instructional technology, facilities, transportation, school lunch, and interscholastic athletics.

The third party program administrator will conduct a complete physical inventory every five (5) years with a limited on-site update service in the subsequent years. The complete physical inventory will involve scanning existing capital asset tags, applying new tags, recording untagged assets (additions), and providing a list of capital assets not located during the inspection (potential disposals). The limited on-site update service will include reviewing current capital projects and current year additions and disposals. A copy of the inventory shall be submitted to the Superintendent or his/her designee (Assistant Superintendent for Business & Finance) no later than June 30.

Uniform System of Accounts for School Districts (Fiscal Section)

The Assistant Superintendent for Business and Finance will be responsible for accounting for general capital assets following the procedures outlined by the Uniform System of Accounts for School Districts and GASB Statement 34 Regulations.

These accounts will serve to:

- a) Maintain a physical inventory of assets;
- b) Establish accountability;
- c) Determine replacement costs;
- d) Provide appropriate insurance coverage.

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Documentation

The Assistant Superintendent for Business and Finance will maintain sufficient information and documentation for each capital asset. A property record will be kept for each asset, containing the following information where possible:

- a) Date of acquisition;
- b) Description;
- c) Serial or other identification number;
- d) Cost or value;
- e) Location and use;
- f) Asset type;
- g) Condition and estimated useful life;
- h) Replacement cost;
- i) Current value;
- j) Salvage value;
- k) Sale price and date and method of disposition; and
- l) Responsible official.

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An appraisal of the District's capital assets was conducted in 1993, and a perpetual inventory record has been maintained since then. The property control manager will record additions and deletions on this inventory after reviewing payments for purchases. Capital assets acquired from construction projects will be recorded upon final acceptance and payment.

Accountability

Periodically, the Assistant Superintendent for Business and Finance should ensure that a physical inventory is conducted in each department. This does not need to be done every year for each department but should be done in some departments each year. The district should maintain its own complete inventory record, categorized into various accounts and/or departments such as IT equipment, music instruments, custodial equipment, licensed vehicles, and others. One person from each building should be assigned the responsibility of maintaining a complete listing. The listing should be updated for any additions or disposals that occur throughout the year.

Once a year, the District will provide the appraisal company with a listing of all assets disposed of and purchased throughout the year. After updating the listing for the year's activity, it should be distributed to each assigned person, and a reconciliation should be performed for items above the threshold of \$5,000.

Any discrepancies should be investigated, and the appraisal company should be notified if necessary. Reconciling the lists is necessary to ensure the accuracy and accountability of assets.

Sale of Disposition of Capital Assets

When District capital assets become obsolete or are no longer needed, they should be sold or disposed of following the guidelines set by the general Municipal Law.

Safeguarding Capital Assets

Property at risk of theft should be clearly identified as District property using metal tags, decals, or stenciling to affix identification numbers to each piece of property. To reduce the risk of loss to capital assets, the Assistant Superintendent for Business will review property and liability insurance protection with the District's insurance advisor. Adequate insurance coverage will be maintained as appropriate.

Re-Adopted: August 7, 2024