CAPITAL ASSETS ACCOUNTING

Accounting of Fixed Assets

The school business administrator of the Bethlehem Central School District (the District) shall be responsible for accounting for general fixed assets according to the procedures outlined by Generally Accepted Governmental Accounting Standards and the Uniform System of Accounts for School Districts. These records and accounts will serve to:

   a. Maintain a physical inventory of assets;
   b. Establish accountability; and
   c. Determine replacement costs to provide appropriate insurance coverage.

All fixed assets carrying a minimum value as specified below by category that have a useful life of five years or more and are tangible assets that are not appreciably affected by use or consumption shall be recorded.

Valuation

All assets will be recorded at cost (or fair market value if a donated asset) at the time of acquisition. The capitalized cost shall be the invoiced price including all necessary costs incurred to place the asset in service (i.e., shipping, handling, freight, duties, registration fees, installation costs, or insurance during transit).

Capitalization Threshold

Assets with a useful life of five years or more, and meeting the threshold listed below will be capitalized. The threshold to be used for financial reporting purposes (GASB #34) and categories of assets is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Land improvements</td>
<td>$25,000</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$50,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Restricted, grant-acquired assets</td>
<td>$ 5,000</td>
</tr>
</tbody>
</table>

Some assets may, individually, fall below the capitalization threshold, but may be purchased in large quantities by the District (typically as part of a capital project or a technology acquisition). The
District may choose to capitalize these assets as a group, as determined by the school business administrator.

**Depreciation Method**

All assets will be depreciated over their estimated useful life, using the straight-line method, with the half-year convention. The useful life will be estimated in the year of acquisition. Salvage value will only be assigned if deemed material, typically in excess of 10 percent of the asset’s cost.

Cross-ref: 6640, Inventories of Capital and Noncapital Assets
6900, Disposal of District Property

*Adoption date:* February 28, 2007
*Revised date:* August 9, 2017
*Reapproved date:* August 7, 2019