

Capital Assets

Capital Assets

The Board of Education submits two separate financial reports, the annual financial statements audited by the external auditor and the ST-3 submitted to the State Education Department (SED). This policy is to ensure those reports are compliant with generally accepted accounting principles and the standards promulgated by the Government Accounting Standards Board (GASB) and the New York Office of State Comptroller (OSC). This policy establishes requirements to maintain an inventory report of all capital assets. Capital assets means any item, or group of similar items, with a cost or value equal to or greater than \$5,000 owned by the district, including land, buildings, equipment and materials and supplies (inventory) which are used for longer than one year, and which require insurance coverage and specific accounting and disclosure.

Capital assets or groups shall be depreciated using the straight-line method. The straight-line method calculates depreciation expense by dividing the cost or fair market value of the asset, less certain other applicable costs and its residual value if material in amount, by the number of years in its estimated useful service life. Capital assets with physical characteristics that are appreciably affected by use or consumption should be considered for a method other than straight-line depreciation to accurately reflect their annual contribution to district operations. Depreciation means each year of a capital asset's useful life, a percentage of its value is recorded as a depreciated expense.

GASB 34 requires an annual inspection of assets being capitalized and depreciated to determine adjustments to the recorded asset values. These annual inspections will be conducted by Broome-Tioga BOCES' Central Business Office. A periodic inspection of assets as the basis for insurance coverage is also required. To facilitate this inspection, data for capital assets shall be recorded in a centralized asset record accounting system which can produce an asset register. In the system, an asset record will be established and maintained and will contain, where possible, the following information:

For capital or inventoried assets:

- (1) The date received by the district;
- (2) The description of the item;
- (3) The identification as to whether it is a capital or inventoried asset;
- (4) The purchase price or estimated value;
- (5) The building and room where the item is used;
- (6) The replacement cost.

For capital assets only:

- (1) The current value (also known as 'net book value');
- (2) The salvage value;
- (3) The estimated useful life;
- (4) The date and method of disposal or disposition.

Where an inventory tag number or serial number is important to differentiate among similar items, it should be added to the record.

Disposal of District Property

Building administrators and support staff supervisors are responsible for identifying obsolete or surplus equipment and supplies within their area(s) of responsibilities. Upon authorization of the Board of Education, obsolete or surplus equipment shall be disposed of in the following manner:

- (1) Reassign the items, as needed, to other locations within the school district;
- (2) Centralize the storage of items of potential usefulness; and/or
- (3) Discard or sell as surplus those items determined to be of no further use or worthless.

With Board approval items may be disposed of in the following manner:

- (1) Offer to sell or donate the items to local municipalities or local non-profit organizations;
- (2) Sell items at a public sale. In the event of a public sale, notice of availability of such equipment, supplies and materials and requests for bids shall be disseminated through announcements in local newspapers and such other appropriate means. The general public, as well as staff members who are not Board members, officers, or involved in the purchasing function, shall be eligible to bid on the equipment, supplies and/or materials; and
- (3) Sell remaining items as scrap for the best obtainable amount or discard in the safest, least expensive manner.
- (4) All items offered for sale or donated according to this policy shall be sold “as is” and potential buyers shall be notified that all sales and gifts of district property are “as is.”
- (5) All items approved for sale by the Board of Education may include an upset price approved by the Board, which is the lowest price that the Board of Education will accept for a particular item.