

CAPITALIZATION POLICY FOR FIXED ASSETS

Purpose:

To establish a policy for capitalization of real property and equipment for the Bristol Warren Regional School District.

Background:

Historically, Bristol Warren Regional School District has complied with the financial reporting requirements of the Government Accounting Standards Boards (GASB). School District assets for the governmental funds were recorded in the General Fixed Asset Account Group (GFAAG) at historical cost and adjusted each year for new assets purchased and assets replaced due to obsolescence, damage, theft or loss.

The GASB issued Statement No. 34 that requires that depreciation be recorded for all funds in the government wide financial statements.

This policy addresses the new elements of financial reporting introduced by GASB Statement No. 34 and ensures that capital asset transactions are accounted for consistently and in accordance with generally accepted accounting principles.

Responsibility:

The offices of the Superintendent and the Director of Administration and Finance are responsible for the overall management and accuracy of the asset management system.

The School Committee is responsible for the safeguarding and accounting for property in accordance with School Committee policies and procedures.

Assets:

Capital asset transactions addressed in this policy include all equipment and capital improvements.

Capitalization threshold for assets:

\$5,000 and above

Other:

The District will maintain inventories of equipment costing \$1,000 to \$4,999 and may choose to inventory items costing less than \$1,000.

Depreciation:

The method of depreciation to be used by the School District shall be straight line.

GASB 34 Suggestions for Fixed Asset Useful Lives:

Buildings, New Construction	40-50 Years
Buildings, Improvements (roofs, etc.)	10-15 Years
Land Improvements (parking lots, etc.)	15 Years
Vehicles	5-7 Years
Equipment:	
Heavy Machinery	15 Years
Office Equipment	7 Years
Furniture	10 Years
Computers, etc.	5 Years
Musical Instruments	10 Years
Tools & Light-Duty Equipment	7 Years

ADOPTED: September 29, 2003

Bristol Warren Regional School District, Bristol, RI