

## **PURPOSE**

It is the policy of the Southwest Vermont Regional Technical School District to recognize the need to implement the required accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 was issued to provide new and additional information to the diverse users of district financial statements. In addition to the information contained in previous financial reporting, GASB 34 will now provide information in a highly aggregated manner looking at the long-term financial health of the school district. This new information will require school districts to account for capital assets in a manner different than previously recorded. The intent is to provide an additional set of entity-wide financial statements more similar to the private sector.

The primary objectives of GASB 34 include:

- new entity-wide financial statements that reflect the overall financial position of the district
- long-term focus for school district activities
- narrative overview and analysis
- information on major funds
- expanded budgetary reporting

It is important to note that the methods, calculations and procedures for determining the budgetary process of the school district will not be affected by the implementation of the new standards. The information contained in previous financial statements will largely be in the same format.

## **AUTHORITY**

Governmental Accounting Standards Board Statement 34

## **DELEGATION OF AUTHORITY**

The Board delegates to the Business Office, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy in accordance with district administrative procedures.

## **REQUIREMENTS**

Capitalized Asset – a capitalized asset shall be any asset acquired by donation or purchase that has a useful life of longer than one year or extends the life of another capitalized asset or increases its value and meets a specific dollar threshold. At administrative discretion, capital assets purchased with long-term debt may be capitalized regardless of the specific dollar threshold for the type of class of asset acquired.

Value of Assets - all capitalized assets shall be recorded at historical cost at acquisition date or estimated cost if acquired prior to the date of the initial inventory. Any donated capital asset shall be recorded at the date of donation using fair market value of the item at that date.

Depreciation - depreciation shall be based on the straight-line method of depreciation over the estimated useful life of each depreciable asset or group of assets. Periodically, management shall evaluate the estimated useful life of each depreciable asset to determine if revision of such estimate is required.

Dollar Threshold - a dollar threshold for each asset shall be set at an appropriate level. Management should periodically review these levels with assistance from the independent auditor and make any modifications necessary.

**ATTACHMENT:** Capitalization Procedures

	Date Warned	Date Adopted	Replaces Policy
Southwest Vermont Regional Technical School District	1/17/05	2/21/05	1100

**Southwest Vermont Regional Technical School District**  
*Administrative Capitalization Procedure*

Depreciable capital assets are non-consumable material purchases with a life expectancy of greater than one year. The actual useful life will be based upon the specific utilization. Items will be grouped by year of acquisition.

Class of Asset	Useful Life	Dollar Threshold for Each Asset	Dollar Threshold by group
Athletic Equipment	10 years	over \$2,500	over \$10,000
<i>Wrestling mats, weight machines</i>			
Audio Visual Equipment	10 years	over \$2,500	over \$10,000
<i>Projectors, cameras (still &amp; digital)</i>			
Buildings	50 years	over \$25,000	not applicable
<i>Where possible, the structure shell should be segregated from the mechanical, roofing, electrical, plumbing, cafeteria and built-ins. (These components may be replaced several times during the life of the structure shell. Segregation of these costs will ease accountability for replacing or improving the component parts and avoid pyramiding the asset evaluation.</i>			
Building Improvements			
Heating, Ventilation & Air Conditioning	20 years	over \$25,000	not applicable
Roofing	20 years	over \$25,000	not applicable
Interior Construction	25 years	over \$25,000	not applicable
Carpet Replacement	7 years	over \$25,000	not applicable

Electrical/Plumbing	30 years	over \$25,000	not applicable
Fire Suppression Systems	25 years	over \$25,000	not applicable
<i>Grouped by year of improvement; must have a significant impact and not be confused with routine maintenance &amp; upkeep.</i>			
Business Machines	10 years	over \$2,500	over \$10,000
<i>Fax, duplicating &amp; printing equipment</i>			
Copiers	5 years	over \$2,500	over \$10,000
Contractors Equipment	10 years	over \$2,500	over \$10,000
<i>Major off-road vehicles, front-end loaders, large tractors, mobile air compressor</i>			
Furniture & Fixtures	20 years	over \$2,500	Over \$10,000
<i>Classroom &amp; Office</i>			
Kitchen Equipment/Appliances	15 years	over \$2,500	over \$10,000
Library Books	5 years	over \$2,500	over \$10,000
Machinery & Tools	15 years	over \$2,500	over \$10,000
<i>Maintenance Equipment &amp; Shop Tools</i>			
Maintenance & Grounds Equipment	15 years	over \$2,500	over \$10,000
<i>Floor Scrubber, Vacuums, Mowers, Tractors, Attachments</i>			
Musical Instruments	10 years	over \$2,500	over \$10,000

Outdoor Equipment	20 years	over \$2,500	over \$10,000
<i>Playground, fuel tanks, pumps</i>			
Portable Classrooms	25 years	over \$10,000	not applicable
Science & Engineering	10 years	over \$2,500	over \$10,000
<i>Lab equipment, scientific apparatus</i>			
Site Improvements	20 years	over \$25,000	not applicable
<i>Original or additional installation; land attachments with limited lives; fencing; retaining walls; irrigation systems; athletic courts, fields and tracks; private use sewer facilities and water lines; area lighting; drives and parking lots, sidewalks, curbs and gutters that are incidental to a school's property or access to the property. Must have a significant impact and not be confused with routine maintenance &amp; upkeep of existing site.</i>			
Technology			
PC's, Printers, Network	5 years	over \$2,500	over \$10,000
Hardware			
Software	5 years	over \$2,500	over \$10,000
Instructional			
Software, Administrative	10 years	over \$2,500	over \$10,000
<i>Replacement of component parts such as keyboards, mouse, cables are not to be considered as equipment.</i>			
Vehicles	8 years	over \$5,000	not applicable
<i>School buses &amp; other on-road vehicles</i>			