



**BRANDYWINE
HEIGHTS
AREA
SCHOOL
DISTRICT**

Book	BHASD Policies
Section	600 Finances
Title	Capitalization
Code	623
Status	Active
Adopted	April 3, 2006
Last Revised	March 6, 2017
Last Reviewed	March 6, 2017

Purpose

The Board of School Directors recognizes 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.[1]

Authority

Governmental Accounting Standards Board Statement 34.

Delegation of Responsibility

The Board of School Directors delegates to the Business Manager, in cooperation with the local independent auditor, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy in accordance with district administrative procedures.

Guidelines

Capitalized Assets

A capitalized asset shall be any asset acquired by donation or purchase that has a useful life of longer than one (1) year or extends the life of another capitalized asset or increases its value and meets a specific dollar threshold. At management's discretion, and in conjunction with the local auditor, capital assets purchased with long-term debt may be capitalized regardless of the specific dollar threshold for the type or class of asset required.

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 the 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 local independent auditor and make any modifications necessary.

Legal

1. Pol. 622