

## **Financial Reporting Policy Fixed Assets and Leases**

### **Section 1. PURPOSE**

The Bristol Virginia School Board has prepared this policy to define certain financial reporting policies. These policies are consistent with Governmental Accounting Standards Board statements and Generally Accepted Accounting Principles.

### **Section 2. POLICY**

- A. Capitalization Threshold – Assets with an estimated useful life of longer than one year and an original purchase price of \$10,000 will be reported as an asset in the Bristol Virginia School Boards audited financial statements. Assets with an original purchase price of less than \$10,000 will not be capitalized.
- B. Capitalization Threshold for Aggregate Purchases – The capitalization threshold for aggregate purchases will be \$50,000 for items purchased at one time with a useful life of longer than one year. Items purchased as a group or a similar set of items purchased at one time will be capitalized and reported as an asset in the Bristol Virginia School Boards audited financial statements if the original purchase price is \$50,000 or greater, regardless of the original purchase price of the individual items.
- C. Lease Of The Right To Use An Asset – The lease of the right to use a certain asset will be reported in the audited financial statements of the Bristol Virginia School Board consistent with GASB Statement No. 87 when the total price of the payments for the right to use the asset is \$50,000 or greater.
- D. Budgeted Payments For Department Specific Financed Assets and Lease Payments – With respect to the Bristol Virginia School Boards budget, the payments for financed assets that reside in a specific department or lease payments specific to a certain department will be budgeted in the respective department. For financial reporting purposes, when the payment is reclassified in order to be in compliance with Governmental Accounting Standards Board statements, the budget will be reclassified along with the payment. This policy does not pertain to general obligation debt payments that will be reported in the debt section of the fund's budget.

Adopted: effective July 01, 2021.