


**Capital Assets**

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NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

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**What are Capital Assets?**

Major Assets:

- Benefit more than one fiscal period.
- Not appreciably affected by use and consumption.
- Significant cost.



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**Capital Assets**

Include:

• Infrastructure	• Improvements
• Land	• Vehicles
• Easements	• Machinery
• Buildings	• Equipment
	• Art



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## Infrastructure

- Infrastructure assets – stationary in nature and can be preserved for a significant number of years.
  - For example: bridges, roads, water and sewer systems, lighting systems.

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## Valuation of Assets

- Historical Cost.
- Actual or estimated.
- Fair market value for donated assets.

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## Valuation (cont.)

- Cost of Capital Asset includes:
  - Additional expenses such as freight;
  - Installation and site prep charges;
  - Capitalized interest;
  - Any subsequent additions or improvements.

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## Valuation (cont.)

- Cost of Capital Asset should not include:
  - Maintenance, repairs or parts that keep an asset functioning at its current expected level.

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## Valuation (cont.)

### Costing Methods

- Direct – invoices, etc.
- Historical sources
- Price index to deflate current price to historical price

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### Consumer Price Index (CPI) Conversion Factors to Convert to 2015 Dollars

Year	CF	Year	CF	Year	CF	Year	CF	Year	CF
1951	0.108	1964	0.129	1977	0.253	1990	0.545	2003	0.768
1952	0.111	1965	0.131	1978	0.272	1991	0.568	2004	0.788
1953	0.111	1966	0.135	1979	0.303	1992	0.585	2005	0.815
1954	0.112	1967	0.139	1980	0.344	1993	0.603	2006	0.841
1955	0.112	1968	0.145	1981	0.379	1994	0.618	2007	0.865
1956	0.113	1969	0.153	1982	0.403	1995	0.636	2008	0.898
1957	0.117	1970	0.162	1983	0.416	1996	0.655	2009	0.895
1958	0.121	1971	0.169	1984	0.433	1997	0.670	2010	0.910
1959	0.121	1972	0.174	1985	0.449	1998	0.680	2011	0.938
1960	0.123	1973	0.185	1986	0.457	1999	0.695	2012	0.958
1961	0.125	1974	0.206	1987	0.474	2000	0.718	2013	0.972
1962	0.126	1975	0.224	1988	0.494	2001	0.739	2014	0.988
1963	0.128	1976	0.237	1989	0.517	2002	0.751	2015	1.000

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## Thresholds

- At what \$ value do you record capital assets?  
– It's up to you.

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## Recordkeeping

- GASB 34 changed fixed assets to capital assets.
- Capital assets of proprietary and fiduciary funds should be recorded in the applicable funds.
- All other capital assets (for governmental funds) should be recorded in schedule of Non-Current Governmental Assets (Schedule K).

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## Recordkeeping

Depreciation should be recorded as follows:

- For proprietary funds – in fund itself.
- For fiduciary funds – in fund itself.
- For governmental funds – depreciation is still optional – if chosen, should be recorded in schedule of Non-Current Governmental Assets.

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## Recordkeeping

Account Code	Account Description	Normal Balances	
		Debit	Credit
101	Land	XXX	
102	Buildings	XXX	
103	Improvements Other Than Buildings	XXX	
104	Equipment	XXX	
105	Construction Work in Progress	XXX	
106	Infrastructure	XXX	
107	Other Capital Assets	XXX	
112	Accumulated Depreciation, Buildings		XXX
113	Accumulated Depreciation, Improvements Other Than Buildings		XXX
114	Accumulated Depreciation, Machinery and Equipment		XXX
116	Accumulated Depreciation, Infrastructure		XXX
117	Accumulated Depreciation, Other Capital Assets		XXX
159	Total Non-Current Governmental Assets		XXX

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## Depreciation

- Estimated useful life.
- Unless inexhaustible such as land and certain improvements.
- Infrastructure can be treated as inexhaustible.

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## Depreciation

Depreciation Methods:

- Estimated useful life – class of assets, network or individual assets.
- Composite rate.
- Many others.

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## Appreciation

- Some assets increase in value rather than decrease.
- No reporting or recording requirements.
- May want to record in property records for insurance purposes.

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## Accounting Entries

A522 Expenditures	\$23,750	
A7140.2	\$23,750	
A200 Cash		\$23,750

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- To record purchase of new truck using cash and trade-in of older truck.

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## Accounting Entries

K104 Equipment – New	\$33,750	
K159 Total Non-Current Assets	\$25,000	
K104 Equipment – Old		\$25,000
K159 Total Non-Current Assets		\$33,750

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- Collateral entry to record the new truck and remove old truck (if used in General Fund).

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### Accounting Entries

K101 Land	\$75,000	
K102 Building	\$15,000	
K159 Total Non-Current Assets	\$90,000	

- To record acquisition of land and building donated for use as park.


  
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### Accounting Entries

A200 Cash	\$15,000	
A980 Revenues		\$15,000
A2665	\$15,000	

- To record the sale of surplus recreation truck.


  
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### Accounting Entries

K159 Total Non-Current Assets	\$32,000	
K104 Equipment	\$32,000	

- Collateral entry to remove old truck.


  
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## Inventory Records

- Establishes record.
- Fixes responsibility.
- Identifies source of financing.
- Provides board with crucial information (replacement cost, insurance coverage, etc.).

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## Inventory Procedures

- Assign someone to be in charge.
- Determine significant value.
- Take physical inventory.
- Get historical cost on records.
- Assign identification numbers.
- Property records should be detailed.

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## Real Property Record Card

Description: <b>HIGHWAY GARAGE</b>		Identification No. _____	
Location: <b>1172 Snowy Lane</b>		Date Prepared: <b>5/22/xx</b>	
Remarks: <b>*Constructed 6/1/60 Contract IRGOOD and SONS</b>			
<b>#60-ABC-1144</b>			
Tax Map #: <b>G8-N117</b>			
<b>ORIGINAL COST:</b>		<b>SOURCE OF FUNDS:</b>	
Acquisition (Construction)	<b>\$110,900</b>	Current Appropriations	<b>\$11,000</b>
Legal	<b>2,000</b>	Bonds	<b>100,000</b>
Engineering	<b>5,900</b>	Notes (Specify Type)	_____
Other (Specify):	_____	State Aid	<b>7,800</b>
_____	_____	Federal Aid	_____
_____	_____	Gift	_____
_____	_____	*Other (specify)	_____
		<b>Capital Reserve</b>	<b>\$241,200</b>
<b>Total</b>	<b>\$118,800</b>	<b>Total</b>	<b>\$360,000</b>

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### Real Property Record Card (Cont'd)

CURRENT VALUE:		DISPOSITION:	
Original Cost (Total)	\$118,800	Sold To:	_____
Additions: (Specify)	_____		
*Two Stalls and Office Space	\$241,200	Transferred To:	_____
Sub-Total	\$360,000		
DEDUCTIONS: (Specify)	_____	Other	_____
Total	\$360,000		
Insured Value	\$ **	Policy #:	OP4444Z1

\*\*See Appraisal File

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### Personal Property Card

Date Prepared	<u>5/1/xx</u>	Identification No.	<u>2468</u>
PROPERTY MACHINERY, TOOLS AND EQUIPMENT (Furnishings)			
Description: <u>IBM - Personal Notebook</u>			
Make:	<u>IBM</u>	Model:	<u>PS-2</u>
Dept:	<u>Accounting</u>	Year:	_____
Location:	<u>Town Hall, Room 420</u>	Serial No.:	<u>11234B</u>
Purchased from:	<u>Computerland</u>	Date:	<u>4/15/xx</u>
Maintenance Contract With:	<u>IBM</u>	Contract No.	<u>444</u>
Purchase Order No.	<u>PO-14141</u>	Cost:	<u>\$1,000</u>
Estimated Life:	<u>3 Years</u>	Voucher No.	<u>A4-93</u>
		Other:	_____
		Total:	<u>\$1,000</u>
FRONT			

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### Duties and Responsibilities

- Governing Board designates someone.
- That person oversees the asset records.

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## Controls

Make sure:

- Additions/Deletions are kept up-to-date;
- Take periodic or annual inventory;
- Compare actual inventory to records;
- Investigate differences.

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## Questions?

[localtraining@osc.ny.gov](mailto:localtraining@osc.ny.gov)

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