

Adopted: 6-21-2010

715 CAPITAL ASSETS POLICY

I. PURPOSE

- A. The purpose of a capital asset policy is for the school district to give direction to management with respect to tracking, recording and depreciating the District's assets.
- B. The school district must maintain accurate records of physical assets whose value and useful life exceed the capitalization threshold.

II. CRITERIA FOR CAPITALIZATION

- A. The asset:
 - a. is tangible,
 - b. has a useful life of one (1) year or more,
 - c. costs are equal to or greater than \$5000,
 - d. if broken, the item is repairable with a cost not to exceed the purchase of new/similar item,
 - e. is not consumable, a repair part, component or supply.
- B. In order for site and building improvements to be capitalized, projects must meet a \$5,000 threshold. Improvement projects with a cost of less than \$5,000 will be classified as maintenance/expense items.
- C. If an asset purchased does not exceed the \$5000 threshold, however, is considered theft-sensitive, e.g. audio-visual equipment, office machines, power tools, etc., it is classified as a "controlled" asset. These assets are to be included in inventory (identified and recorded.) However, they will not be reported as capital assets on the financial statements.

III. BASIS OF ASSETS

- A. Costs that will be included in the total value of a fixed asset:
 - a. Purchase price of the fixed asset, net of purchase and trade discounts
 - b. Freight and handling charges
 - c. Installation, assembly and testing charges
 - d. Title search fees, recording fees and other closing costs
 - e. Building permit fees
 - f. Architect's and attorney's fees.

- B. Interest costs associated with long-term obligations (such as contracts or lease-purchase agreements) are not ancillary costs and should be accounted for separately.
- C. At the end of the fiscal year, the total cost of acquisitions made during the year, which are added to the Master Fixed Asset Inventory, must be reconciled to the total capital expenditures for the year.

IV. DONATED CAPITAL ASSETS

Donated assets will be capitalized at fair-market value on the donation date and depreciated if exhaustible over their remaining estimated useful lives.

V. DEPRECIATION

Capital assets will be depreciated over their useful lives as determined for each asset class. Land, and some land improvements, are considered inexhaustible, and are therefore not subject to depreciation.

VI. USEFUL LIFE CHART

The useful life chart listed below is recommended by ASBO (Association of School Business Officials) and will be utilized for District assets. This will provide as a guideline, however, individual asset lives may require adjustment due to the asset usage and other variables.

VII. TAGGING OF ASSETS

When an asset is purchased by the District, the Fixed Asset Coordinator is to tag the asset with a barcode label and enter it into the Master Fixed Asset System. Depreciation will then be calculated if the asset meets the capitalization threshold.

VIII. DISPOSAL OF ASSETS

District property and equipment, other than real estate, must be disposed of in the following manner:

1. The fixed asset tag must be pulled off the piece of equipment and forwarded to the district office for a disposal record to be reflected on the fixed asset system.

No one shall have the authority to scrap, sell, donate, or dispose of any school property without first receiving proper approvals.