



Book	Policy Manual
Section	Second Reading by Board
Title	ACCOUNTING SYSTEM FOR CAPITAL ASSETS
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7455 - **ACCOUNTING SYSTEM FOR CAPITAL ASSETS**

The Board shall maintain a capital asset accounting system. The capital asset system shall maintain sufficient information to permit the following:

- A. the preparation of year-end financial statements in accordance with Generally Accepted Accounting Principles (GAAP);
- B. adequate insurance coverage;
- C. control and accountability.

Capital assets are defined as those tangible assets of the District:

- A. with a useful life in excess of one (1) year;
- B. with an initial cost equal to or exceeding the amount determined periodically by the District in Policy 7450 - Property Inventory;
- C. which are capitalized in accordance with GAAP; and
- D. which the District intends to hold or continue in use for an extended period of time.

Further, some items may be identified as "controlled" assets that although they do not meet all capital asset criteria are to be recorded on the capital asset system to maintain control.

Capital assets shall be classified as follows:

- A. land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- B. additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Leased capital assets and assets which are jointly owned shall be identified and recorded on the capital asset system.

Capital assets shall be recorded at historical cost or, if that amount is not practicably determinable, at estimated historical cost. The method(s) to be used to estimate historical cost shall be established by the **Director of Finance** ~~Manager~~.

The purchase of capital assets, the transfer of capital assets between buildings, and the disposal of capital assets shall be initiated by the **Director of Finance** ~~Manager~~ and require the prior written approval of the **Director of Finance** ~~Manager~~. An asset to be disposed of by sale shall be done in accordance with Policy 7300 - Disposition of Real Property or Policy 7310 - Disposition of Personal Property.

In accordance with Generally Accepted Accounting Principles (GAAP), assets must be depreciated over their estimated useful lives and approved by the auditor.

Such useful lives by asset class as per GASB are as follows:

- A. **site improvement - 20 years;**
- B. **buildings - 10-50 years;**
- C. **furniture and equipment - 3-50 years;**
- D. **leased equipment - 3-50 years.**

Accumulated depreciation shall be calculated on a straight-line basis and be recorded for general capital assets.

The following information shall be maintained for all capital assets:

- A. description
- B. asset classification (land, building, equipment, etc.)
- C. location
- D. purchase price
- E. vendor
- F. date purchased
- G. voucher number
- H. depreciated life
- I. estimated salvage value
- J. replacement cost
- K. accumulated depreciation
- L. method of acquisition (purchase, trade-in, lease, donated, etc.)
- M. manner of asset disposal

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