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REVISED POLICY - VOL. 30, NO. 2

7455 - ACCOUNTING SYSTEM FOR CAPITAL~~FIXED~~ ASSETS

The Board shall maintain a capital ~~fixed~~-asset accounting system. The capital ~~fixed~~-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)~~generally-accepted, accounting principles~~
- 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).~~building~~

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

CapitalFixed 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 **District Administrator**.

The purchase of **capitalfixed** assets, the transfer of **capitalfixed** assets between buildings, and the disposal of fixed assets shall be initiated by the **Administrator in charge** and require the prior written approval of the **District Administrator**. 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.

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

Asset acquisitions with a useful time expectancy greater than one (1) year, and with the cost of \$5,000.00 and greater and depreciated using the straight-line method of depreciation.

The following useful lives should be used for asset classifications for financial reporting purposes:

| <u>Asset Class</u> | <u>Example</u> | <u>Useful Life (Years)</u> |
|-----------------------------------|---|----------------------------|
| - | - | - |
| <u>Land</u> | - | <u>n/a</u> |
| <u>Buildings</u> | <u>School Buildings, Out Buildings</u> | <u>50</u> |
| <u>Site Improvements</u> | <u>Paving, Sidewalks, Fencing</u> | <u>25-50</u> |
| <u>Outdoor Equipment</u> | <u>Playground</u> | <u>15</u> |
| <u>Vehicles</u> | <u>Vans, trucks, cars</u> | <u>7</u> |
| <u>Machinery and Equipment</u> | <u>Mowers, Plows, Appliances, Tools</u> | <u>15</u> |
| <u>Office Equipment/Computers</u> | <u>Computers, Software, Copiers</u> | <u>5-20</u> |
| <u>Furniture</u> | <u>Classroom and Office Furniture</u> | <u>20</u> |
| <u>Athletic Equipment</u> | <u>Equipment</u> | <u>10</u> |

The following information shall be maintained for all **capitalfixed** assets:

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

N. manner of asset disposal

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Last Modified by Coleen Frisch on May 2, 2022