

CAPITAL ASSETS

The school district will establish and maintain a capital assets management system for reporting capitalized assets owned or under the jurisdiction of the school district in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law; to improve the school district's oversight of capital assets by assigning and recording them to specific facilities and programs and to provide for proof of loss of capital assets for insurance purposes.

Capital assets, including tangible and intangible assets, are reported in the government-wide financial statements (i.e. governmental activities and business type activities) and the proprietary fund financial statements. Capital assets reported include land, buildings, land improvements, intangible assets, machinery and equipment, and construction in progress. Capital assets, other than intangibles, reported in the financial reports will include individual capital assets with a historical cost equal to or greater than \$3,000. The Federal regulations governing school lunch programs require capital assets attributable to the school lunch program with a historical cost of equal to or greater than \$500 be capitalized. Additionally, capital assets are depreciated using the straight-line method over the useful life of each capital asset. Fixed assets that have an acquisition cost of equal to or greater than \$250 will be tagged for inventory control.

Estimated useful lives are as follows:

Buildings	50 years
Land Improvements	20-50 years
Intangibles	5-10 years
Machinery & Equipment	5-15 years

All intangible assets with a purchase price equal to or greater than \$100,000 with useful life of five or more years, are included in the intangible asset inventory for capitalization purposes. Such assets are recorded at actual historical cost and amortized over the designated useful lifetime applying a straight-line method of depreciation. If there are no legal, contractual, regulatory, technological or other factors that limit the useful life of the asset, then the intangible asset needs to be considered to have an indefinite useful life and no amortization should be recorded.

Phase III districts, as determined under GASB 34, will not retroactively report intangible assets. If actual historical cost cannot be determined for intangible assets due to lack of sufficient records, estimated historical cost will be used.

This policy applies to all intangible assets. If an intangible asset that meets the threshold criteria is fully amortized, the asset must be reported at the historical cost and the applicable accumulated amortization must also be reported. It is not appropriate to "net" the capital asset and amortization to avoid reporting. For internally generated intangible assets, outlays incurred by the government's personnel, or by a third-party contractor on behalf of the government, and for development of internally generated intangible assets should be capitalized.

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The capital assets management system must be updated periodically to account for the addition/acquisition, disposal, relocation/transfer of capital assets. It is the responsibility of the superintendent to count and reconcile the capital assets with capital assets management system on June 30 each year.

It is the responsibility of the director of business affairs to develop administrative regulations implementing this policy. It will also be the responsibility of the director of business affairs to educate employees about this policy and its supporting administrative regulations.

Legal Reference: Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A (2013).

Cross Reference: 710 Insurance Program
701.3 Financial records

Approved: February 25, 1991

Reviewed: February 25, 2019

Revised & Renamed: May 9, 2011

Revised: June 9, 2014