

Code No. 802.4 FIXED ASSETS MANAGEMENT SYSTEM

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 school district buildings and sites, construction in progress, improvements other than buildings and sites, land and machinery and equipment. Capital assets reported in the financial reports will include individual capital assets with an historical cost equal to or greater than \$3000. The Federal regulation governing school lunch programs require capital assets attributable to the school lunch program with a historical cost of equal to or greater than \$500 to be capitalized. Additionally, capital assets are depreciated over the useful life of each capital asset.

All intangible asset with a purchase price equal to or greater than \$3000 with useful life of two 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 assets needs to be considered to have an indefinite useful life and no amortization should be recorded.

This policy applies to all intangible assets. If an intangible asset that meets the threshold criteria is fully amortized, the assets must be reported at the historical cost and applicable accumulated amortization must 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 asset should be capitalized.

Legal Reference: Iowa Code 257.31(4); 279.8; 297/22-25; 298A (2009).

Cross Reference: 709 Insurance Program
701.3 Financial Records

First Reading: July 18, 2018

Second Reading: August 20, 2018