

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 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 (\$ *capitalization threshold*). 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 over the useful life of each capital asset.

All intangible assets with a purchase price equal to or greater than (\$ *capitalization threshold*) 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 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.

The capital assets management system must be updated monthly 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 superintendent to develop administrative regulations implementing this policy. It will also be the responsibility of the superintendent to educate employees about this policy and its supporting administrative regulations.

Approved: March 2013

Reviewed _____

Revised _____

FIXED ASSETS MANAGEMENT SYSTEM

All assets purchased by the West Harrison Community School District are subject to the following capitalization policy:

General Fixed Assets/Capital Assets:

Capital assets are recorded as expenditures in the Governmental Funds and are capitalized in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost, and must have a useful life greater than one reporting period and have a value of at least \$1,000. This district will not utilize salvage value.

In accordance with Standard 34, set forth by the Governmental Accounting Standards Board, depreciation will be recorded for general fixed assets, utilizing the straight-line method with a full convention over the following asset lives:

Asset Class	Examples	Estimated Useful Life In Years
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting.	20
School Buildings		50
Equipment	Classroom and office furniture, fax, copiers, Computer hardware, grounds equipment	5
Licensed Vehicles	Buses, other on-road vehicles	7

Enterprise Fund Assets or Business-Type

Enterprise fund type property and equipment is accounted for at historical cost for assets with a useful life greater than one reporting period and with a value of at least \$500. Depreciation is recorded over 12 years, using the straight-line method.

Legal Reference: Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A (1999).

Cross Reference: 709.1 Insurance Program
701.5 Financial Records