

## Capital Assets

The District will establish and maintain a capital assets management system for reporting capitalized assets owned or under the jurisdiction of the District in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law. This is done for the purpose of improving 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 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 a historical cost equal to or greater than \$5,000. According to federal regulations, capital assets in the school lunch program are subject to the same \$5,000 capitalization threshold established by the District. Additionally, all capital assets are depreciated over the useful life of each capital asset.

All intangible assets with a purchase price equal to or greater than \$200,000 with useful life of two or more years are required to be 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. If actual historical cost cannot be determined for intangible assets due to lack of sufficient records, estimated historical cost will be used.

This regulation 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.

### A. Capital Assets Management System

The Managers of Accounting and Purchasing will:

1. Oversee the fixed assets physical count;
2. Develop and maintain the fixed assets listing;
3. Tag fixed assets included in the fixed assets management system with a bar code identification number;
4. Make a recommendation of a computer software program for managing the fixed assets management system;
5. Enter the necessary data into the fixed capital assets management system and compile the appropriate reports;
6. Develop forms and procedures for maintaining the integrity of the fixed capital assets management system; and,
7. Maintain responsibility for an accurate fixed capital assets management system.

### B. Determining Historical Cost

1. The historical cost of a capital asset is based on the actual costs expended in making the capital assets serviceable.
2. Gifts of capital assets are valued at the estimated fair market value at the addition/acquisition date.
3. Fixed assets purchased under a capital lease are valued at historical cost of the net present value of the minimum lease payments on the addition/acquisition date.

C. Annual Capital Assets Listing Reconciliation

1. A physical inventory of capital assets acquired with federal monies and exceeding the District established \$5,000 threshold shall be conducted every two years according to Federal regulations. Capital assets purchased with non-federal monies exceeding the District established \$5,000 threshold are to be physically inventoried based upon a schedule established by the District. The current goal is to provide for an annual rotation cycle providing for a complete physical inventory every five years. Annual capital assets inventories will be reconciled to the Districts capital assets management system on June 30 each year.
2. Upon completion of each annual capital assets inventory cycle, the revised capital assets listing will be reconciled to the Districts capital assets management system on June 30 each year.
3. Capital assets found to have been excluded from the database are added to the capital assets management system. The capital assets management system process should be reviewed to prevent future incidents of excluding a capital asset.
4. Capital assets unaccounted for are reported to the Manager of Accounting who contacts the supervisor of and the individual in charge/control/custody of the capital asset. The individual in charge/control/custody of the capital asset must account for the capital asset.

D. Addition/Acquisition of Capital Assets

1. The District's purchasing policy and administrative regulations must be followed when acquiring capital assets. The District's policy and administrative regulations procedures must be followed for receiving a gift of capital assets.
2. The capital assets addition/acquisition documentation must be routinely completed for each additional capital asset with an addition/acquisition cost of equal to or greater than \$5,000. This information is then entered into the capital assets management system.
3. The actual costs of construction in progress is annually entered into the capital assets management system. After completion of construction, the total costs accumulated over the period of construction are reclassified to buildings at fiscal year-end.

E. Relocation/Transfer of Machinery and Equipment Capital Assets

1. Capital asset relocation/transfer documentation must be completed prior to removing machinery and equipment capital assets from their current location.
2. This information is entered into the capital assets management system in a timely fashion.

F. Disposal of Capital Assets

1. Capital assets disposal documentation must be completed prior to disposing of real property. This information is entered into the capital assets management system in a timely fashion.

G. Lost, Damaged or Stolen Capital Assets

1. A Damage Loss Report must be completed when a capital asset has been lost, damaged or stolen. This information is then entered into the capital assets management system in a timely fashion.

H. Capital Assets Reports

1. A Capital Asset report will be annually issued at fiscal year end close in order to record the appropriate value of Capital Assets on the District's financial statements at year end.

Legal Reference:

Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A

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