

Book	Policy Manual
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#### 7455 - **ACCOUNTING SYSTEM FOR CAPITAL ASSETS**

The School Board shall maintain a capital-asset accounting system. The capital-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).
- B. adequate insurance coverage
- C. control and accountability

Capital assets are defined as those tangible assets of the School Corporation:

- A. with a useful life in excess of one (1) year;
- B. with an initial cost equal to or exceeding the amount determined periodically in the Corporation's administrative guidelines;
- C. which are capitalized in accordance with GAAP; and
- D. which the Corporation 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).

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

Capital assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Assistant Superintendent, pursuant to the State Board of Accounts, Department of Local Government Finance, I.C. 29-1-15-14 and 2 C.F.R. 200.439-.

Normally, the cost recorded is the purchase price or construction costs of the asset. Also included are any other reasonable and necessary costs incurred to place the asset in its intended use that can be directly related to the asset. Such costs may include the following:

- A. Legal and title fees, closing costs
- B. Appraisal and negotiation fees, surveying fees
- C. Damage payments
- D. Land preparation costs, demolition costs
- E. Architect and accounting fees
- F. Design and consulting fees
- G. Transportation charges

Donated or contributed assets should be recorded at their fair market value on the date donated or acquired.

The Corporation will capitalize items with an individual value equal to or greater than \$5,000. Improvements or renovations to existing machinery and equipment will be capitalized only if the change causes the total cost to exceed \$5,000, extends its useful life two (2) or more years, and if the total costs will be greater than the current book value and less than fair market value. The Corporation should capitalize items whose individual acquisition costs are less than the threshold if those assets in the aggregate are significant, i.e., exceed the threshold.

The Superintendent shall develop administrative guidelines to ensure proper purchase, transfer, and disposal of capital assets.

Depreciation shall be recorded for funded capital assets using the method(s) agreed upon by the Superintendent and the Assistant Superintendent, pursuant to the capital asset depreciation guidelines established by the State of Indiana.

The following information shall be maintained for all capital 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