P O L I C Y

Title: FIXED ASSET ACCOUNTING
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It is the policy of the Board that the district's fixed assets be accounted for in accordance with generally accepted accounting principles applicable to governmental entities. However, such generally accepted accounting principles do not prescribe the standard categories of fixed assets, the estimated useful life of each category, or the minimum requirements for capitalization.

The Board recognizes the need for a formal, written policy regarding the accounting of fixed assets. The policy would define the standard categories of assets, the estimated useful life of each category, and the minimum requirements for capitalization. Such a uniform policy should provide more structure and greater control over the accountability for assets. It should also result in a more representative balance for fixed assets in the financial statements. Accordingly, the Board hereby establishes the following uniform policy for the accounting of fixed assets.

I. FUNDS AND ACCOUNT GROUPS

A. In General, the financial statements of the district are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The district’s fixed assets are accounted for in either the General Fixed Assets Account Group or the Enterprise Funds. All the funds and account groups are described below.

B. Governmental Funds, consist of the General Fund, Special Revenue Fund, Debt Service Fund, and Capital projects Fund. These funds account for the financial operations of most of the district’s instructional and related activities. Consistent with generally accepted accounting principles, fixed assets of Governmental Funds are accounted for in the General Fixed Assets Account Group.

C. Proprietary Funds, which consist of Enterprise Funds, account for the television operations, food service centers, bookstores, child care, and other on-going activities that are similar to those often found in the private sector. Fixed assets in the Enterprise Funds consist of building improvements and equipment and furniture used in the Enterprise Funds consist of building improvements and equipment and cost or estimated historical cost and depreciated on a straight-line basis over their estimated useful lives as set forth below. Land and buildings used in Enterprise
Fund activities are accounted for in the General Field Asset Account group.

D. Fiduciary Funds consist of Expendable Trust Funds, Non-Expendable Trust Funds and Agency Funds. The Funds account for assets held by the district for student organizations, governmental units, or private organizations. Fiduciary Funds generally do not include any fixed assets.

E. Account Groups:

1. The General Fixed Assets Account Group accounts for all fixed assets used for district operations other than those accounted for in the Enterprise Funds. Costs incurred for the purchase or construction of general fixed assets are recorded as capital outlay expenditures in the Special Revenue and Capital Project Funds and are capitalized at cost in the General Fixed Assets Accounts Group. Generally accepted accounting principles preclude the reporting of current depreciation on assets in the General Fixed Assets Account Group but permit the district to report “accumulated depreciation.” Consistent with the standard financial reporting of governmental entities, however, the district chooses to not report “accumulated depreciation” until such time as desired by the district or required by generally accepted accounting principles. Accordingly, assets reported in the General Fixed Assets Account Group will generally continue to be reported at their original cost (or fair market value at the tie of donation) until disposal.

2. The General Long-Term Obligation Account Group accounts for all long-term obligations of the district.

II. STANDARD CATEGORIES OF FIXED ASSETS

The fixed assets of the district are classified in the following standard categories:

A. Land and land improvements;
B. Buildings and building improvements;
C. Fixed Equipment, or
D. Moveable Equipment
III. DEPRECIATION

A. **Land**, exclusive of improvements, is not depreciated.

B. **Buildings**, even those used in Enterprise Fund activities, are accounted for in the General Fixed Assets Account Group and, as a result, are not depreciated.

C. **Building improvements** accounted for in the Enterprise Funds are depreciated on a straight-line basis over their estimated useful lives. The estimated salvage value shall be zero and the estimated useful lives generally shall be twenty years, except as otherwise determined by the district based upon all available information, including Internal Revenue Service guidelines.

D. **Equipment and furniture** accounted for in the Enterprise Funds are depreciated on a straight-line basis over their estimated useful lives. The estimated salvage value shall be zero and the estimated useful lives shall be eight years, except as otherwise determined by the district based upon all available information, including Internal Revenue Service guidelines.

IV. CAPITALIZATION POLICY

A. **Historical Cost**. Consistent with generally accepted accounting principles all fixed assets are valued at historical cost or estimated cost or estimated historical cost if their historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

B. **Minimum Capitalization Requirements.**

   1. **Capitalization.** Costs for any item, unit, or set are to be capitalized if they equal or exceed in the aggregate, a minimum value of $500 and:

      a. acquire an item with a useful life of more than two years; and/or

      b. add value to a fixed asset; and/or

      c. prolong the useful life of a fixed asset for more than one year; and/or

      d. adapt a fixed asset to a new or different use.
Costs that do not meet these capitalization requirements shall be expended.

2. **Repairs.** Costs of repairs and maintenance that keep fixed assets in ordinary efficient operating condition during the assets normal lifecycle shall be expended. However, if the repair arrests the deterioration and prolongs the life of the fixed asset for more than one ear, it shall not be expended, but, instead shall e capitalized, provided its costs meets the $500 threshold described above.

C. **Land and Buildings.** The purchase price or the cost of construction. Also includes other charges such as legal and title fees, closing costs, appraisal fees, surveying, land preparation costs, demolition costs, and architect fees.

D. **Land and Building Improvements.**

1. Improvements or remodeling that adds items and services which did not exist prior to the remodeling; for example:
   a. air conditioning
   b. elevator
   c. fire alarm system
   d. sprinkler system
   e. acoustical treatment
   f. surveillance and security equipment
   g. sidewalks

2. Remodeling which increase the structural or functional aspects of the land or a building; for example:
   a. removal, relocation, or upgrading of walls or partitions
   b. upgrade of lighting
   c. improvement to roof structure
   d. repaving parking lots

3. Replacement of major building systems or portions of building components; for example:
   a. replacement of light fixtures in a section of a building
   b. replacement of plumbing fixtures in a section of a building
   c. replacement of electrical wiring in a building
   d. replacement of carpeting in a section of a building
e. replacement of the air conditioning system  
f. replacement of floor covering in a section of a building

E. Fixed and Moveable Equipment.

Any item, unit or set, which costs $50 or more and has a useful life of two years or more is to be capitalized.

1. ancillary costs, such as freight, installation, and setup, should be capitalized.

2. equipment accessories and modifications which add costs to an item that is already a $500 capital item should be capitalized.