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| Board Policy      |  |
| Financial Reports |  |

**CAPITAL ASSETS**

A capital asset is a piece of property that meets all of the following requirements:

- 1) The asset is tangible or intangible and complete.
- 2) The asset is used in the operation of the school system's activities.
- 3) The asset has a useful life of longer than the current fiscal year.
- 4) The asset is of significant value.

The following significant values will be used for different classes of assets:

| Class of Capital Asset                    | Significant Value |
|---|-------------------|
| Computer Software                         | \$50,000 or more  |
| Machinery and Equipment                   | \$20,000 or more  |
| Buildings & Building Improvements         | \$25,000 or more  |
| Intangible Assets                         | \$50,000 or more  |
| Land Improvements                         | \$25,000 or more  |
| Land                                      | Any amount        |
| Right-to-use Assets                       | \$50,000 or more  |
| Subscription Based Information Technology | \$50,000 or more  |

Capital assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be the fair market value at the time of the plus all costs related to placing the asset into operation. The cost of self-constructed assets will include all costs of construction.

**Land (capitalization threshold any amount)**

- Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.
- Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.
- When land is acquired with buildings erected thereon, total cost is allocated between the two in reasonable proportion at the date of acquisition. If the transfer or the real estate tax assessment records.
- Land is not depreciable.

**Land Improvements (capitalization threshold \$25,000)**

- This category will include parking lots, outdoor lighting, covered walkways, fences, tennis courts, running tracks, and grandstands, etc.
- The Board does not capitalize landscaping.
- Land improvements will be depreciated over their estimated useful lives.

**Buildings (capitalization threshold \$25,000)**

- Buildings will be recorded at either their acquisition cost or construction cost. If a building is acquired by purchase, the capitalized cost should include the purchase price.
- If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project. Elevators, etc. will be included in the capitalized cost of the building.

**Building Additions (capitalization threshold \$25,000)**

- Building additions will be recorded at their construction cost.
- Building additions will be capitalized separately and depreciated over their useful life.

**Building Improvements (capitalization threshold \$25,000)**

- **Component Units** - (HVAC, plumbing systems, sprinkler systems, elevators, etc.)

When building component units are replaced, the new component unit will be capitalized separately, and the old component (subsequent to original construction) will not be removed since it was not a separately valued component. The new component unit will be depreciated over the remaining useful life of the original component.

- **Major Renovations or Alterations**

Any major renovation or alteration within an existing building will be added to the cost of the original building. These renovations/alterations will be depreciated over the remaining useful life of the original building.

**Construction in Progress (Capitalization threshold-all projects expected to exceed capitalization threshold for the asset class when completed)**

- This includes all projects for buildings or land improvements construction that are not completed at the end of the fiscal year.

**Machinery & Equipment (capitalization threshold \$25,000)**

- This category consists of machinery, equipment and furnishings, including but not limited to, kitchen equipment, office and classroom furnishings (desks, chairs, hardware, school vehicles and maintenance equipment (floor buffers, lawn mowers, etc.) Items that form a system and cannot independently operate without

**Computer Software (capitalization threshold \$25,000)**

- Expenditures for software applications costing \$5,000 or more collectively for combined modules which are essential to the day to day activities of the Board maintenance agreement for the software to be continued to be utilized will not be capitalized.

**Intangible Assets (capitalization threshold \$25,000)**

- Intangible assets consists of items purchased or donated that cannot be physically touched. This asset category includes right-of-ways, internally developed software on donation.

**Right-to-Use Assets (Capitalization threshold \$50,000)**

- Right-to-use assets are leased items, real property or equipment, that grant the lessee authority to utilize the items over an agreed upon duration normally to be executed.

**Subscription Based Information Technology (Capitalization threshold \$50,000)**

- Subscription based technology assets are contracts that convey control of the right to use another party's information technology software alone or in combination.

**Items excluded from Fixed Assets Listing**

- Equipment located within the district that is on consignment.
- Equipment located within the district that is owned by another agency.
- Equipment located within the district that is being used as "loaner" equipment while district equipment is being serviced or repaired.
- Equipment leases or subscription contracts identified as a right to use assets must be capitalized. Rental agreements or contracts that are short-term (less than 12 months) with

**DEPRECIATION**

The "straight line" method of depreciation should be utilized to depreciate capital assets, except for land, over the estimated useful lives of the related assets principle.

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|--|--|
| Computer Software                                  | 3 to 6 years   |
| Intangible Assets                                  | 5 years  |
| Internally Created                                 | Not depreciated  |
| Right of Ways                                      |  |
| <b>Buildings</b>                                   |  |
| Permanent Buildings                                | 50 years   |
| Building Additions                                 | Remaining Useful Life up to 50 years   |
| Building Improvements                              | Remaining Useful Life up to 50 years   |
| <b>Machinery &amp; Equipment</b>                   |  |
| Mobile Classrooms                                  | 25 years   |
| Vehicles (trucks, vans, tractors, forklifts, etc.) | 8 years  |
| Kitchen Equipment                                  | 12 years   |
| Computer Hardware                                  | 5 years  |
| Outdoor Equipment                                  | 15 years   |
| Miscellaneous Equipment                            | 15 years   |
| Buses  | 8 years  |
| Office & classroom furnishings                     | 5 years  |
| Educational equipment                              | 2 years  |
| Land Improvements                                  | 20 years   |
| Right-to-Use Assets                                | Based on the shorter of the life of the underlying asset or terms of the lease.    |
| Subscription Based Information Technology          | Based on the shorter of the life of the underlying asset or terms of the contract. |

Depreciation on newly acquired assets will be calculated utilizing a "Monthly" convention. Under this convention, an asset is treated as though it were placed in service over the useful life of the asset. Buildings will have a salvage value of 15%. Should an improvement be made to a building, the improvement will be capitalized over

**DISPOSITION OF ASSETS**

When capital assets are sold or otherwise disposed of, the inventory of Capital Assets should be relieved of the cost of the asset and the associated accumulated depreciation will be taken for the year of disposal.

**Funding Source Inclusions:**

Items that are included in the fixed assets listing will have many different funding sources. The majority of items on the listing will go through the normal purchasing process be recorded and monitored as required by grant documents as well as items donated to the school district or purchases by student activity funds.

**Capitalization Policy**

According to Generally Accepted Accounting Principles, expenditures for land, new buildings and additions, newly acquired equipment (including Food Service Equipment) in use, are recorded in the Fixed Assets System. Elbert County School District will capitalize all acquisitions of land, buildings and additions, improvements other than buildings have a cost below the federal capitalization rate will be expensed as incurred.

Specific guidelines for capitalization are as follows:

1. All land and buildings will be capitalized
2. The Chief Financial Officer will review renovation and remodeling projects, applying the following principles to make a determination of whether to capitalize or expense
  1. Renovations made to an existing building that keep the property in a serviceable condition that do not appreciably extend the estimated useful life of the property, no
  2. Renovations that do appreciably extend the estimated useful life of the property, add value exceeding the federal capitalization rate, or enhance its use should be cap
3. The following guidelines apply to equipment purchases:
  1. The item must have an estimated useful life of at least one-year and must not lose its identity as it is used.
  2. The per unit cost of the item must exceed the approved federal capitalization rate.
  3. The item has been designated as a "sensitive" item. (See attachment)
  4. All equipment purchased with federal or state grant funds must follow guidelines set forth by the grant document. For equipment that falls under the federal capitali:
4. The following guidelines apply to repairs and replacements of equipment that are in excess of a cost of \$50,000:
  1. Expenditures to repair and maintain a fixed asset in efficient operating condition, and which do not extend the normal economic useful life will be expensed.
  2. Replacements in which an existing fixed asset is entirely replaced by a new one will be capitalized, if the replacement cost is greater than the approved federal capit:
  3. Replacement amounts spent in restoring equipment, which prolong the estimated useful life of the equipment and is greater than the approved federal capitalization
  4. Items that by nature have a short life expectancy (less than one year), or are subject to breakage, early obsolescence, loss, or other factors that contribute to early los

**ELBERT COUNTY SCHOOL DISTRICT  
FIXED ASSET AND PROPERTY ACCOUNTING MANUAL**

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**ADDITIONS TO FIXED ASSETS**

LOCATION/SCHOOL: \_\_\_\_\_

ITEM PURCHASED/DONATED: \_\_\_\_\_

MANUFACTURER: \_\_\_\_\_

SERIAL NUMBER: \_\_\_\_\_

MODEL NUMBER: \_\_\_\_\_

COST/VALUE WHEN DONATED: \_\_\_\_\_

DATE PURCHASED/DONATED: \_\_\_\_\_

NEW OR USED ITEM \_\_\_\_\_

DISTRICT OFFICE PURCHASE: \_\_\_\_\_ SCHOOL PURCHASE: \_\_\_\_\_

CHECK NUMBER: \_\_\_\_\_ DATE PAID: \_\_\_\_\_

IF DISTRICT OFFICE PURCHASE PLEASE PROVIDE ACCOUNT NUMBER BELOW:

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A copy of the purchase order and invoice must be attached

**ELBERT COUNTY SCHOOL DISTRICT  
FIXED ASSET AND PROPERTY ACCOUNTING MANUAL**

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**DELETION/TRANSFER OF FIXED  
ASSETS**

SCHOOL/LOCATION: \_\_\_\_\_

ITEM DELETED/TRANSFERRED: \_\_\_\_\_

ASSET TAG NUMBER: \_\_\_\_\_

DELETION DATE: \_\_\_\_\_

REASON FOR DELETION: \_\_\_\_\_

TRANSFER DATE: \_\_\_\_\_

NEW LOCATION/SCHOOL: \_\_\_\_\_

DISPOSITION OF ASSET:

STORAGE LOCATION \_\_\_\_\_ TRASH      SOLD

APPROVAL \_\_\_\_\_  
Chief Financial Officer

APPROVAL \_\_\_\_\_  
Department Head/School Principal

APPROVAL \_\_\_\_\_  
New Location Department Head/School Principal