FIXED ASSETS

POLICY 108

LAKES INTERNATIONAL LANGUAGE ACADEMY
An IB World School
District #4116

I. PURPOSE

A. This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets, that are to be recorded in Lakes International Language Academy's (the "School") annual financial statements to comply with requirements of GASB Statement No. 34.

B. This policy also addresses other considerations for recording and depreciating fixed assets for the compliance with the provisions of GASB Statement No. 34.

II. DEFINITIONS

A. Capital assets. Capital assets are defined as tangible and intangible assets that have initial estimated useful lives that extend beyond a single reporting period.

B. Grouped assets. Grouped assets are capital assets if together the purchase meets or exceeds the capitalization threshold, even if individually the items purchased would not. Grouped assets can be organized logically by project, department (such as large purchases of computer devices), or large orders of items with similar functions or purposes. Capitalized group assets and their depreciation have a significant impact on the School's net assets. Grouped assets, like other capital assets, have useful lives that extend beyond a single reporting period.

III. CAPITALIZATION METHOD

A. All capital assets will be recorded at historical cost as of the date acquired or constructed, or fair market value at date of gift if donated. If historical cost information is not available, assets will be recorded at estimated historical cost by calculating current replacement cost and deflating the cost using appropriate price-level index.

IV. CAPITALIZATION THRESHOLDS

A. The School establishes the following minimum capitalization thresholds for capitalizing fixed assets:

1. Land and improvements $5,000
2. Buildings and improvements $5,000
3. Machinery/equipment/vehicles/furniture $5,000
4. Grouped Assets $10,000

B. Detailed records shall be maintained for all fixed assets at and above the established thresholds.

V. OTHER ASSETS

A. Detailed records shall be maintained at the discretion of School administration for all items below the capitalization thresholds that should be safeguarded from loss. These items will be part of the physical inventory discussed below. These items include furniture and computer equipment that fall below the established thresholds in section IV and any other Assets specified by School administration.

VI. DEPRECIATION AND USEFUL LIFE

A. School administration will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation will be recorded based on the straight-line method using fiscal year convention and depreciated down to the asset's salvage value. Useful lives of assets range from 5 to 20 years.

VII. SAFEGUARDING AND CONTROLLING FIXED ASSETS

A. Fixed Asset Tags: All capitalized or sensitive tech devices, machinery and equipment, vehicles and furniture will be assigned an asset number and identified with a fixed asset tag.

B. Records: As fixed assets are purchased or disposed of, School administration or the responsible program authority will be responsible for preparing proper supporting documentation, which will then be forwarded to the staff member(s) responsible for ensuring proper recording into a software system (also see Policy 120 *Sale, Theft or Damage of Fixed Assets*). Property records will include description, serial number or other ID, source of funding, title, acquisition date and cost, percent of federal participation, location, use and condition, and ultimate disposition date including sale price, if applicable. See Policy 120 *Sale, Theft, Loss or Damage of Fixed Assets and Other School-Owned Property* for more information about property disposal, including the use of Property Disposal Forms.

C. Inventories: The School's fixed assets control system includes property records and periodic physical inventories. A physical inventory of fixed assets will be taken every two years by at least two people, one of whom is not responsible for ordering and receiving, and compared to the physical inventory records. Inventory of computers and other sensitive items (that may be below equipment threshold but with higher risk of theft or mobility, such as iPads) will be done annually and inventory tags will be attached to these items. The results will be forwarded to the School's business office for appropriate follow-up. Any anomalies between electronic and physical inventory will be investigated by the business office.

VIII. REVIEW

A. Policy to be reviewed on a 2-year rotation.

REVISION HISTORY

Date	Status		Date	Status		Date	Status
08/07/06	Adopted		08/06/07	Reviewed		08/04/08	Reviewed
10/13/09	Amended		08/12/10	Reviewed		08/11/11	Amended
08/16/12	Amended		08/13/13	Reviewed		06/09/15	Amended
07/12/16	Reviewed		08/08/17	Amended		07/10/18	Amended
08/13/19	Amended		08/14/20	Amended		07/13/21	Amended
07/25/22	Amended		10/08/24	Amended		10/20/26	Amended