

## CAPITAL ASSETS

The District will establish and maintain a capital assets management system for reporting capitalized assets owned or under the jurisdiction of the school district in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law; to improve the school district's oversight of capital assets by assigning and recording them to specific facilities and programs and to provide 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 school 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 an historical cost equal to or greater than five thousand dollars (\$5,000), except for intangible right to use lease assets. The Federal governing school meal programs require capital assets attributable to the school meal program with an historical cost equal to or greater than \$500 be capitalized and reported. Additionally, capital assets are depreciated over the useful life of each capital asset.

All intangible assets (except for right to use lease assets) with a purchase price equal to or greater than \$5,000 with useful life of two or more years are 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 will be considered to have an indefinite useful life and no amortization will be recorded.

If an intangible asset that meets the threshold criteria is fully amortized, the asset will be reported at the historical cost, and the applicable accumulated amortization will be recorded. 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 will be capitalized.

The district recognizes the importance of classifying leases of intangible assets as assets or liabilities in financial statements. When operating as a lessor, the district will recognize a lease liability and an intangible right-to-use lease asset. When operating as a lessee, the district will recognize a lease receivable and a deferred inflow of resources consistent with the requirements established in GASB 87.

The district recognizes a lease liability and an intangible right-to-use lease asset with an initial value of \$5000 or more. At the commencement of a lease, the district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date plus certain initial direct costs to place the asset in service. The lease asset is then amortized on a straight-line basis over the life of the lease.

The capital assets management system will be updated monthly to account for the addition/acquisition, disposal, and relocation/transfers of capital assets. It is the responsibility of the Superintendent to count and reconcile the capital assets with the capital assets management system on June 30 each year.

It is the responsibility of the superintendent to develop administrative regulations implementing this policy. It will also be the responsibility of the superintendent to educate employees about this policy and its supporting administrative regulations.

## CAPITAL ASSETS

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

Cross Reference: 709 Insurance Program  
701.3 Financial Records

Approved September 15, 2014

Reviewed \_\_\_\_\_

Revised November 14, 2022

OGDEN COMMUNITY SCHOOL DISTRICT BOARD OF DIRECTORS