
I. CAPITALIZATION FOR CAPITAL ASSETS

In accordance with Governmental Accounting Standards Board (GASB) requirements for annual financial reporting of assets, the School District has established the capitalization limit of fixed assets at ten thousand dollars (\$10,000) and intangible assets at five hundred thousand dollars (\$500,000) for financial reporting purposes.

A fixed asset is a piece of property that is tangible and complete, is used in the operation of the School District’s activities, has a useful life longer than one year, and is of significant value. Fixed 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 donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include all costs of construction.

Intangible Assets are defined as assets lacking physical substance and arise from a contractual or legal right, are non-financial in nature and not acquired or created primarily for the purpose of generating income or profit (resulting from capital lease transaction or goodwill), have a useful life greater than one year, and are of significant value (\$500,000 or more). All intangible assets meeting the capitalization requirements specified will be amortized unless the intangible asset has an indefinite life.

II. FIXED ASSET CLASSIFICATIONS

Fixed assets are categorized in the following manner:

- Land
- Land Improvements
- Buildings
- Machinery and Equipment
- Construction In-Progress
- Intangible Assets

Items capitalized in Land and Construction In-Progress are not depreciated. All other capitalized assets are depreciated using the “straight line” method and are assigned a useful life based on the fixed asset classification and subclass. The following summarizes the useful lives assigned to the assets:

Land Improvements	20 years
Buildings	50 years
Buildings - Portables	25 years
Buildings - Utility Systems	30 years
Buildings - Building Improvements	20 years
Machinery and Equipment - Buses and Other Vehicles	8 years
Machinery and Equipment - Furniture and Equipment	10 years
Machinery and Equipment - Technology Equipment	5 years
Intangible Assets	6 to 50 years

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