

**Inventories**

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The Webster County Board of Education 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 for 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). Capital assets reported include school district buildings and sites, land and machinery and equipment. Tangible capital assets reported in the financial reports will include individual capital assets with an historical cost equal to or greater than \$5000.00. Improvements other than buildings and sites and construction in progress reported in the financial reports will include individual capital assets with an historical cost equal to or greater than \$10,000.00. The Federal regulations governing school lunch programs require capital assets attributable to the school lunch program with a historical cost of equal to or greater than \$5000.00 be capitalized. Additionally, capital assets are depreciated over the useful life of each capital asset.

Depreciation will be calculated on a straight line, full year in year of purchase, basis with the following schedule:

Buildings	60 years
Support Buildings	60 years
Administrative	60 years
Vehicles (trucks,tractors,vans)	10 to 20 years
Kitchen Equipment	12 years
Computer Hardware	5 years
Miscellaneous Equipment	5 to 10 years
Buses	10 years
Renovations, Additions,Retrofits	Remaining useful life up to 60 years
New Components Units HVAC, Plumbing systems, sprinkler systems	Remaining useful life up to 60 years
Computer Software	Estimated useful life

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 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.

All intangible assets with a purchase price equal to or greater than \$200,000 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 needs to be considered to have an indefinite useful life and no amortization should be recorded.

If actual historical cost cannot be determined for intangible assets due to lack of sufficient records, estimated historical cost will be used.

This policy applies to all intangible assets. If an intangible asset that meets the threshold criteria is fully amortized, the asset must be reported at the historical cost and the applicable accumulated amortization must also be reported. It is not appropriate "net" the capital asset and amortization to avoid reporting. For internally generated intangible assets, outlays incurred by the district's personnel, or by a third-party contractor on behalf of the district, and for development of internally generated intangible assets should be capitalized.

Common types of intangible assets include computer software (purchased or licensed, internally generated, and websites), Easements, Land use rights (e.g., water, timber, and mineral rights) Note: land use rights associated with property already owned by the board should not be reported as intangible assets separate from the property. Patents, copyrights, and trademarks.

When capital assets are sold or otherwise disposed of, the property report should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed on an annual basis in conjunction with the annual update. The appropriate depreciation will be taken for the year of disposal. For accounting purposes, the board has established a salvage value of 1% of the acquisition value.

Only assets acquired subsequent to the approval of this policy apply.

**ADOPTED: 12/12/11**

**WEBSTER COUNTY BOARD OF EDUCATION**