

Principals shall make quarterly reports to the Superintendent on all receipts and expenditures of the various school accounts.

The Superintendent shall submit a monthly financial report to the Board of Education. The Superintendent shall submit annual financial reports to the State Department of Education.

The Webster County Board of Education has invested in a broad range of capital assets that are used in the school system's operations. Capital assets are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year. Capital assets include:

- Land and land improvements
- School buildings and building improvements
- Other Facilities and improvements
- Personal property
 - Furniture and equipment, vehicles, boats and aircraft
 - Other assets
- Construction in progress

Capitalization Thresholds

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets.

Class of Asset	Threshold
Land	Any amount
Land Improvements	5,000
Building and Building Additions	5,000
Building Improvements	5,000
Machinery and Equipment	5,000
Construction in Progress	5,000

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

- 1) The asset is tangible 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
Machinery and Equipment	\$5,000 or more
Buildings & Building Improvements	\$5,000 or more
Land Improvements	\$5,000 or more
Land	Any amount

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.

Land

- 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 document does not show the allocation, other sources of the information may be used such as an expert appraisal or the real estate tax assessment records.
- Land is not depreciable.

Land Improvements

- 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

- 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 and other incidental expenses at the time of acquisition.
- If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project. For the first year, all the component units of the building, such as HVAC, plumbing system, sprinkler systems, elevators, etc. will be included in the capitalized cost of the building.

Building Additions

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

Building Improvements

- 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 be removed from the property report. However, if the original component unit was included in the original construction, it 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 building.

- 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 life of the building/structure.

Construction in Progress

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

Machinery & Equipment

- Expenditures for machinery, equipment or furnishings costing \$5,000 or more per item and have an estimated life of more than one year will be capitalized.
- Library books will not be capitalized..

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 principally as follows:

Buildings	
School Buildings Used for Educational Purposes	60 years
Support Buildings	60 years
Administrative	15 to 60 years
Equipment	
Vehicles (trucks, vans, tractors, forklifts, etc.)	10 to 20 years
Kitchen Equipment	12 years
Computer Hardware	5 years
Miscellaneous Equipment	5 to 10 years
Buses	10 years
Land Improvements	
Renovations, Additions, Retrofits	Remaining useful life up to 60 years
New Components Unites HVAC, Plumbing systems, sprinkler systems, elevators	Remaining useful life up to 60 years

Depreciation will be calculated utilizing the "Half-Year convention." Under this convention, an asset is treated as though it were placed in service or disposed of the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

BOARD POLICY
Financial Reports

Descriptor Code: DIB

IMPAIRMENT OF CAPITAL ASSETS AND INSURANCE RECOVERIES

If an asset is ever deemed to be impaired the Webster County Board of Education will obtain and review the Governmental Accounting Standards Board Statement 42, and properly account and financially report the impairment of the capital assets and any insurance recovery.

ADOPTED: June 25, 2009

Webster County School District