

**YORK SCHOOL DISTRICT ONE**

**Capital Asset**

**And**

**Property Accounting Manual**

York School District One  
Capital Asset and Property Accounting Manual

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Introduction

In order to properly maintain adequate records necessary for capital asset and property management, several guidelines must first be established. This manual is designed to:

- 1) Identify general accounting and control procedures for capital assets
- 2) Determine a level of capitalization
- 3) Assign the content of capital asset records
- 4) Designate responsibility for various actions and reports.

The principles set forth in this manual are in accordance with Generally Accepted Accounting Principles (GAAP), and in accordance to Governmental Accounting Standards Board (GASB) Statement No. 34. In order to build a District Capital Asset Master List it is necessary to classify capital assets into one of the following classes: land, buildings, improvements other than buildings, construction in progress, and equipment.

Elements to be reported within the Capital Asset and Property System include, but are not limited to, the following:

- 1) Historic cost and value of item
- 2) Type of asset
- 3) Location of item
- 4) Funds used to purchase item (i.e. Federal, State or Local monies)
- 5) Date asset was placed in service
- 6) Date of disposition
- 7) Depreciation (if applicable)

The system will also use trend factors assigned to each asset class to automatically update replacement costs, and depreciation will automatically be calculated (if applicable). The system will also track items purchased with any special revenue funds, such as items purchased by any Federal or State grants.

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Various reports can be generated for budget and audit purposes, such as:

- 1) Asset List by Number, Department, Location, Type, or Class
- 2) Depreciation Schedules
- 3) Acquisition and Retirement Reports
- 4) Asset Replacement Advice Report
- 5) Due for Replacement Report

Property Classifications and Funding Source Inclusions

Capital assets are reported at historical cost, and the cost includes any ancillary charges necessary to place the asset into its intended location and condition for use. Freight, transportation costs, site preparation costs and any professional fees are all included as part of the ancillary charges. Donated assets are recorded at estimated fair value at the date of donation.

In accordance to GASB 34, Capital Assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art or historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The District has identified that no infrastructure assets exist, nor does the District own any works of art or historical treasures. The assets that are included as part of the District's Capital Asset listing will fall into one of these five general classes:

1. Land

All land purchased by the School District will be capitalized.

2. Buildings

All building elements, such as, but not limited to, the costs of site preparation and foundations, framing, walls, flooring, windows, doors, stairways, skylights, roofs, interior fixtures and finishes, fire escapes, screens, venetian blinds, floor coverings, architect/engineer fees, consulting and legal fees, etc.

3. Improvements Other Than Buildings

Includes such items as retaining walls; fences; signs; yard lighting; incinerators located outside the building; flagpoles; athletic fields which are not considered a separate facility; playground equipment; etc.

4. Equipment

Includes such items as office furniture, fixtures, and machines; music equipment; athletic equipment; office and classroom furniture; floor equipment and furnishings; laboratory equipment; shop equipment; ovens; ranges; kitchen equipment; refrigerators; dishwashers; tractors; riding lawnmowers and vehicles licensed for operations on the highways. The key determination

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to this classification is that the item has not been installed as a permanent portion of a building or facility.

5. Construction in Progress

This is a temporary classification that is used to report the costs of construction work for projects that have not yet been completed. The Finance Department will provide this amount for reporting purposes.

Items Excluded from Capital Assets Listing:

1. Equipment located within the district that is on consignment.
2. Equipment located within the district that is owned by another agency.
3. Equipment located within the district that is being used as “loaner” equipment while district equipment is being serviced or repaired.
4. Equipment leased under an operating lease such as copy machines. Items leased under a capital lease will be included in the capital assets listing.

Funding Source Inclusions:

Items that are included in the capital assets listing will have many different funding sources. The majority of items on the listing will go through the normal purchasing process and be paid for through the district’s accounts payable department. However, assets purchased through grants will also be recorded and monitored as required by grant documents as well as items donated to the school district or purchases by student activity funds.

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Capitalization Policy

York School District One will capitalize all acquisitions of land, buildings and additions, improvements other than buildings, and equipment at the following capitalization limits:

<b>Asset Class</b>	<b>Capitalization Limits</b>
Land/non-depreciable land improvements (produce permanent benefits, i.e. filling and excavation costs)	All land will be capitalized
Depreciable land improvements (deteriorate with the use or passage of time, i.e. fencing, landscaping, lighting, paving)	\$100,000
Buildings, Building Improvements (must add square footage to asset and extend the useful life)	\$100,000
Intangible Assets	\$100,000
Equipment	\$5,000

Building improvements that do not meet the above criteria are recorded as repairs/maintenance expense.

Useful lives are as follows:

<b>ASSET CATEGORY</b>	<b>USEFUL LIFE RANGE</b>
Land (not depreciated)	not applicable
Land improvements	20–50 years
Buildings and improvements	10–50 years
Furniture and equipment	3–10 years
Vehicles	3–10 years
Construction in progress (not depreciated)	not applicable

All equipment purchased with federal or state grant funds must follow guidelines set forth by the grant document.

### Depreciation Policy

Depreciation is reported net of accumulated depreciation in the Statement of Net Assets. Depreciation is calculated on a straight-line basis (i.e. Cost /estimated useful life = depreciation expense). Depreciation is not calculated on land and construction in progress.

### Responsibilities

#### Supervisory Responsibility

Each department head and building principal that exercises supervision over a department or school in the School District is responsible for the oversight of capital assets inventoried to that location. The department head and building principal are expected to direct personnel in the use and care of equipment as well as ensure that district policies and procedures regarding capital assets are followed.

Employees should be informed that they are not to take district equipment home for personal use.

Any personal equipment used or stored on district property is not insured by the district and will not be replaced if it is broken or stolen.

Department heads and building principals will be provided with a copy of the district's Capital Asset and Property Accounting Manual and a complete listing of inventoried equipment at their location to keep as a reference. Any equipment received at a location that does not go through the normal purchasing procedures (donations or purchases through pupil activity funds) must be reported to the Finance Department within ten business days of receipt of the equipment.

Supervisory personnel will be responsible for approving all transfers of capital assets within their location as well as providing the Finance Department the forms needed to make necessary changes to the capital asset listing. These forms are necessary to help prevent tracking items at fiscal year end when the annual inventory is performed. When an item is transferred to a new location, a transfer form must be signed by the transferring school/department and the new school/department at the time of transfer and the form forwarded to the finance department within ten working days.

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Supervisors along with Maintenance, Technology Services, and Media Center Specialists will make decisions concerning items that should be disposed or transferred. Final approval to dispose of any capital asset rests with the Finance Director.

#### Finance Department

The responsibilities of the Finance Department are as follows:

1. Timely and accurate recording of property transactions and maintenance of all appropriate records.
2. Performing physical inventories of property for which they are accountable at least annually and any other times as needed or requested by administration.
3. Providing adequate safeguards for and protection of property within their area of accountability.
4. Conducting personal checks to determine the accuracy of accounting records.
5. Perform/have supervisory personnel perform tagging of all capital assets.

#### Tagging of Property

Tagging of property is needed for several reasons:

1. Tags provide a positive means of identifying equipment
2. Tags provide a cross-reference from physical existence to a computer listing
3. Tags help readily identify property as belonging to the School District

The Finance Department will be responsible for the control of tags. In addition, the Finance Department will be responsible for tagging and/or having supervisory personnel tag capital assets.

The following guidelines will apply to tagging of equipment:

1. Land will have a tag number in the capital asset account group and the Finance Department will keep this tag in a notebook.

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2. Buildings and Improvements will also be assigned a tag number that will be kept in a notebook by the Finance Department.
3. Equipment that is to be capitalized by the guidelines in this manual will be tagged.

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Physical Inventory

The Finance Department will perform an inventory count of all locations in the district once every year at the end of the fiscal year. Because there are several locations to visit the physical inventory will be performed over a two month period, May and June of each year. The Finance Department may also conduct unscheduled inventory counts as a means of evaluating internal control or as determined as necessary by the Superintendent.

Inventory results will be reconciled with the capital asset listing and any differences will be researched. All adjustments that are necessary will be made and any documentation necessary will be processed by each location in the school district. The Finance Director, or designee, with the respective department head or principal will discuss the results of the inventories. The Finance Director will report the results to of the physical inventories to the Superintendent

# **APPENDIX**

## **FORMS**

**YORK SCHOOL DISTRICT ONE**  
**DELETION/TRANSFER OF CAPITAL ASSETS FORM**

Location/School: \_\_\_\_\_

Description of Asset \_\_\_\_\_

Asset Identification/Tag Number \_\_\_\_\_

Delete or Transfer? \_\_\_\_\_

Transfer to: \_\_\_\_\_

Transfer/Disposal Date: \_\_\_\_\_

Method of Disposal (Sale,  
Trash, etc.): \_\_\_\_\_

APPROVAL

\_\_\_\_\_  
Director of Finance

APPROVAL

\_\_\_\_\_  
Department Head/School Principal

APPROVAL

\_\_\_\_\_  
New Location Department Head/School Principal

**YORK SCHOOL DISTRICT ONE**  
**ADDITION OF CAPITAL ASSETS FORM**

Location/School: \_\_\_\_\_

Description of Asset: \_\_\_\_\_

Manufacturer and Model Number: \_\_\_\_\_

Serial Number: \_\_\_\_\_

Purchased or Donated: \_\_\_\_\_

Cost/Value When Purchased/Donated: \_\_\_\_\_

Purchase/Donation Date: \_\_\_\_\_

Account Number Used/Source of  
Funds: \_\_\_\_\_

Condition of Item (Excellent, Good, Fair,  
Poor): \_\_\_\_\_

New or Used: \_\_\_\_\_

APPROVAL

\_\_\_\_\_  
Director of Finance

APPROVAL

\_\_\_\_\_  
Department Head/School Principal