



## GROTON AREA SCHOOL DISTRICT 06-6

### Fixed Asset Capitalization Policy

Generally accepted accounting principles require the establishment and maintenance of capital asset records. A capital asset is land, buildings, and improvements other than buildings, equipment, and construction work in progress, which the school district plans to hold or continue in use over a long period of time.

Capital assets are to be accounted for at original cost, or if cost cannot be readily determined, at an estimated cost, and should include a description, year of acquisition, method of acquisition, funding source and estimated useful life. All assets will be figured on a full accrual basis of accounting with annual depreciation expense charged against the respective department associated with the acquisition and maintenance of the asset.

Capital assets relative to specific proprietary or fiduciary funds should be reported in both the government-wide and fund financial statements as part of those funds. All other capital assets of the governmental unit are considered general capital assets. When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as an expenditure in governmental funds and reported in the governmental activities column in the government-wide statement of net assets.

In the acquisition of or additions to real property, plant, or equipment, any expenditure of one thousand dollars or more shall be paid from the capital outlay fund as required by SDCL 13-16-6. The one thousand dollar limitation shall apply to the total accumulated cost of each asset type on an invoice. Equipment purchases of less than one thousand dollars may be acquired from either the general or capital outlay fund.

The business manager of the Groton School District or his designee shall complete and maintain a capital asset inventory record for those capital assets as defined above and with acquisition values as follows. All capital assets with an expected life exceeding one year will be capitalized at these set values:

- Land – Any Amount
- Buildings & Building improvements - \$25,000 or more
- Automotive Equipment & Vehicles - \$5,000 or more
- Furniture, Fixtures & Equipment - \$5,000 or more
- Food Service Furniture, Fixtures & Equipment – \$500 or more

Other assets may be inventoried and tracked as equipment and may be included in the inventory record, but are not considered capital assets.

Periodically the superintendent may request district personnel to supply inventories of their area of responsibility: classrooms, offices etc. The inventory system shall be the responsibility of the business manager.

SDCL 5-24-1; 5-24-2, 5-24-3

**Adopted: 07/01/03**