

HUDSON SCHOOL DISTRICT POLICY

DID Fixed Assets (Inventories)

Updated: August 7, 2023

Category: Recommended

The superintendent will designate the person responsible for managing the district’s capital assets and maintaining the fixed assets inventory. In accounting for capital assets, the district will implement the standards required by Statement 34 of the Governmental Accounting Standards Board.

Capital assets are real or personal property that have a value equal to or greater than the capitalization threshold of the particular classification of asset and have an estimated useful life of greater than seven years. Fixed assets are additional material items purchased or obtained by the district that have a value less than the capitalization threshold for capital assets but are material to the district’s inventory. All assets, or at least a representative sampling, must be evaluated annually to reflect either an increase or decrease in total value.

Capital Assets

- Land & land improvements
- Construction-in-progress
- Buildings & building improvements
- Furniture, equipment, and vehicles
- Intangibles

Fixed Assets

- Custodial equipment
- Technology equipment

Capitalization Threshold

Single asset equipment/furniture	\$10,000
Vehicles	\$15,000
Technology and infrastructure	\$10,000
Building/land improvements	\$50,000

Land is defined as all land owned by the district, whether improved or unimproved. Land is characterized as having an unlimited life.

Land improvements are depreciated if the improvement is exhaustible and will eventually need to be replaced and/or repaired. Examples would be driveways; parking lots; septic systems; retaining walls; fencing; and outdoor lighting.

Non-depreciable land improvements consist of betterments, site preparation and site improvements other than buildings that ready the land for its intended use.

Construction-in-Progress includes all uncompleted building installations and alterations that are under construction as of the fiscal year end. All expenditures for buildings under construction will be capitalized when completed or placed into service.

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be moveable. Buildings should include all installed property that cannot be removed without impairing the use of all or a portion of the building, such as HVAC; plumbing; electrical and technology wiring; alarm systems; sprinklers; lighting; flooring; gym bleachers; lockers; walk-in freezers, etc.

Building improvements are capital events that materially extend the useful life of a building or increase the value or both.

Furniture and equipment are fixed and moveable tangible assets to be used for the operation of the educational system, the benefits of which extend beyond one year from the date placed in service.

All vehicles are those owned or leased by the district and separately identified on the district insurance policy.

Intangible assets are defined as not physical in nature, such as software or a website, that holds long-term value.

Estimated Useful Life Threshold

For financial reporting purposes, an asset must have an estimated useful life greater than five years to be considered for capitalization and depreciation.

Group Depreciation

Groups of assets with individual values that do not meet the capitalization thresholds and/or useful life thresholds established above, even if purchased at the same time, shall not be subject to capitalization and depreciation.

Acquisition of Assets

Assets may be acquired through donation, purchase, or may be 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 asset value of constructed assets will include all costs of construction.

Depreciation of Assets

For all assets that qualify as a depreciable asset, the straight-line, full-year depreciation method

should be utilized to depreciate the capital asset, over the estimated useful life of the related asset.

Disposition of Assets

When capital assets are sold or otherwise disposed of, the inventory of capital assets 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.

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