

Frankfort Square Park District

Capital Asset Policy

INTRODUCTION

Purpose

The purpose of this capital asset policy is to provide control and accountability over capital assets, and to gather and maintain information needed for the preparation of financial statements. The Frankfort Square Park District capital asset policy is herein established to safeguard assets and to insure compliance with GASB34 for governmental financial reporting.

Overview

This policy is herein established to safeguard and address the Frankfort Square Park District's investment in property, which comprises a significant resource. This policy is meant to ensure compliance with various accounting and financial reporting standards including Generally Accepted Accounting Principles (GAAP), and Governmental Accounting, Auditing, and Financial Reporting (GAAFR).

Further, this policy is meant to reflect the Frankfort Square Park District's desire to meet the reporting requirements set forth in the Governmental Accounting Standards Board (GASB) Statement No. 34. Specifically, the GASB Statement No. 34 states that governments should provide additional disclosures in their summary of significant accounting policies including the policy for capitalizing assets and for estimating the useful lives of those assets which is used to calculate the depreciation expense. The Statement also requires disclosure of major classes of assets, beginning and end-of-year balances, capital acquisition, sales/dispositions, and current-period depreciation expense.

INVENTORY, VALUING, CAPITALIZING, AND DEPRECIATION

Inventory

Responsibility for control of capital assets will rest with the operating department wherein the asset is located. The Bookkeeper shall ensure that such control is maintained by establishing an inclusive capital asset inventory schedule. Asset purchases, which fall below the capitalization threshold, will not be included in the capital asset inventory.

Each Department will be responsible for control of capital assets for their department. The Department Head shall ensure that such control is maintained by establishing a capital asset inventory schedule. The inventory schedule will include the following for each asset:

- Asset Description – A description of the asset (serial #, model#)
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Machinery and Equipment, and Infrastructure Assets)
- Department name and physical location of asset
- Date asset was purchased/acquired and or disposed
- Cost of Asset
- Method of acquisition (purchased or donated)
- Estimated useful life

This list will be maintained, updated, and reviewed by the Department Head and given to the Bookkeeper on an ongoing basis.

Valuing Capital Assets

Capital assets should be valued at cost or historical costs, plus those costs necessary to place the asset in its location (i.e. freight, installation charges.) In the absence of historical costs information, a realistic estimate will be used. Donated assets will be recorded at the estimated current fair market value.

Capitalizing

When to Capitalize Assets:

Assets are capitalized at the time of acquisition. To be considered a capital asset for financial reporting purposes an item must be at or above the capitalization threshold (see schedule-page 3 & 4) and have a useful life of at least one year.

Assets not Capitalized:

Capital assets below the capitalization threshold (see schedule-page 3 & 4) on a unit basis but warranting “control” shall be inventoried at the department level and an appropriate list will be maintained.

Capital Assets should be capitalized if they meet the following criteria:

- Tangible
- Useful life of more than one year (benefit more than a single fiscal period)
- Cost exceeds designated threshold (see schedule-page 3 & 4)

Capital Assets include the following major classes of assets:

Land and Inexhaustible Land Improvements – Capitalized value is to include the purchases price plus costs such as legal fees and filing fees; improvements such as excavation work, preparation of land for construction, landscaping.

Land and Infrastructure Improvements – Capitalized value is to include the purchases price plus costs such as legal fees and filing fees; improvements such as parking lots, fences, and pedestrian bridges. Infrastructure improvements are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

Building and Building Improvements – Costs include purchase price plus costs such as legal fees and filing fees; improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include re-roofing, electrical/plumbing, carpet replacement, and HVAC.

Vehicles – Costs include purchase price plus costs such as title & registration.

Machinery and Equipment – Assets included in this category are heavy equipment, traffic equipment, generators, office equipment; phone system, information technology, and kitchen equipment.

Intangible Assets – Software licenses and easements.

Depreciation

Depreciation is computed on a straight-line method with depreciation computed on an annual basis from the month of acquisition. Additions and improvements will only be capitalized if the cost either enhances the asset’s functionality or extends the asset’s useful life.

Projects in process will be added to the asset base as the projected expenses are incurred. However, the project will first need to meet its individual threshold.

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Capital Assets Useful Lives are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Land (and Inexhaustible Land Improvements)	N/A	\$1
Land Improvements	20	\$25,000
Infrastructure	50	\$25,000
Buildings		
Buildings	45	\$25,000
Building Improvements		\$25,000
HVAC	20	
Re-Roofing	20	
Electrical/Plumbing	30	
Carpet Replacement	10	
Vehicles		\$25,000
Vehicles – General	7	
Small Trucks	7	
Large Trucks	10	
Machinery & Equipment		\$25,000
Heavy Equipment	15	
Recreational Equipment	20	
Generators	20	
Furniture & Fixtures		\$25,000
Office Furniture	20	
Office Equipment	5	
Phone System	10	
Kitchen Equipment	10	
Information Technology	5	
Intangible Assets		
Software Licenses	TBD	\$25,000
Easements	TBD	\$25,000

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OTHER

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property. The item must be removed from the department inventory listing and reported to the Bookkeeper.

Donations or Transfer

Each Department must add additions and deletions from donated or transferred assets to the inventory listing. Disposition of property must comply with State law and Park District policy.

The Park District shall use its best efforts to maximize the value received for the assets, taking into consideration monetary and non-monetary factors, including but not limited to: the District's Mission and Values, the cost of sale and the goodwill of the Frankfort Square Park District.

Surplus Property

Each Department must report all capital assets classified as surplus to the Bookkeeper.

Lost or Stolen Property

When suspected or known losses of inventoried assets occur, the Department should conduct a search for the missing property. The search should include transfer to another department, storage, scrapping, surplus property. If the missing property is not found, the department must contact the Bookkeeper.

This policy is effective as of March 18, 2021.

Board President

ATTEST:

Park Board Secretary