



Book	Policy Manual
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#### 7455 - ACCOUNTING SYSTEM FOR ~~FIXED~~ CAPITAL ASSETS

The Board of Managers shall maintain a ~~fixed-asset-a~~ capital-asset, accounting system. The ~~fixed-asset~~ capital asset system shall maintain sufficient information to permit the following:

- A. ~~[ ] the preparation of year-end financial statements in accordance with generally-accepted, accounting principles Generally Accepted Accounting Principles (GAAP)~~
- B. ☒ adequate insurance coverage
- C. ☒ control and accountability

~~Fixed-Capital~~ assets are defined as those tangible assets of the Cooperative: ~~with a useful life in excess of one (1) year and an initial cost equal to or exceeding the amount determined periodically in the Cooperative's administrative guidelines. Some items may be identified as 'controlled' assets that, although they do not meet all fixed asset criteria, are to be recorded on the fixed asset system to maintain control.~~

- A. with a useful life in excess of one (1) year;
- B. an initial cost equal to or exceeding the amount determined periodically in the Cooperative's administrative guidelines;
- C. which are capitalized in accordance with GAAP; and
- D. which the Cooperative intends to hold or continue in use for an extended period of time.

Further, some items may be identified as 'controlled' assets that, although they do not meet all capital asset criteria, are to be recorded on the capital-asset system to maintain control.

**Fixed-Capital** assets shall be classified as follows:

- A. ☐ land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- B. ☐ building additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).
- C. ☐ ~~improvements other than building~~
- D. ☐ ~~machinery and equipment~~
- E. ☐ ~~furniture and fixtures~~
- F. ☐ ~~vehicles~~
- G. ☐ ~~plant (aerator)~~
- H. ☐ ~~underground lines and other infrastructure~~
- I. ☐ ~~construction in progress~~

Leased **fixed-capital** assets and assets which are jointly-owned shall be identified and recorded on the **fixed-asset capital-asset** system.

**Fixed-Capital** assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Treasurer.

The Cooperative will capitalize items with an individual value equal to or greater than \$ 5,000. Improvements or renovations to existing machinery and equipment will be capitalized only if the change causes the total cost to exceed \$ 5,000, extends its useful life two (2) or more years, and if the total costs will be greater than the current book value and less than fair market value.

The Director shall develop administrative guidelines to ensure proper purchase, transfer, and disposal of **fixed-capital**-assets.

Depreciation shall be recorded for funded **fixed-capital** assets using the method(s) agreed upon by the **Superintendent-Director, and the** \_\_\_\_\_.

The following information shall be maintained for all **fixed-capital** assets:

- A. description
- B. asset classification (land, building, equipment, etc.)
- C. location
- D. purchase price
- E. vendor
- F. date purchased
- G. voucher number
- H. estimated useful life
- I. estimated salvage value

J. replacement cost

K. accumulated depreciation

L. method of acquisition (purchase, trade-in, lease, donated etc.)

M. appropriation

N. manner of asset disposal

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