OPERATIONAL SERVICES

Purpose

The District Capital Asset Policy follows the requirements set forth by the Governmental Accounting Standards Board Statement No. 34 as it pertains to Capital Asset Reporting.

Definition

The policy applies to the District's acquisition and depreciation of capital assets. Capital assets include land, improvements to land, easements, buildings and building additions, building improvements, furniture, fixtures and equipment, equipment under lease, vehicles, works of art and historical treasures, construction-in-progress, and infrastructure. Capital assets are tangible assets used in operations and have initial useful lives extending beyond a single reporting period. Equipment will not change its original shape, appearance or character with use and it can be expected to last more than one year with reasonable care and maintenance.

Authority

Participation of the school entity in any such activity shall be in accordance with Board policy. Delegation of Authority The Board of Education delegates to the Chief Fiscal Officer, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy. The Chief Fiscal Officer shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.

Capital Asset Addition Overview

Purchased Capital Assets greater than $3,000 should be recorded at historical/original cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition - such as freight and transportation charges, site preparation costs, and professional fees.

Purchases less than $3,000, but have lives that extend beyond one year and need to be controlled for insurance purposes, should be classified as non-capital assets. Purchases less than $3,000, or are consumed within the fiscal year are treated as supplies and coded to the supply objects prescribed by the Illinois Program Accounting Manual.

Group purchases of assets greater than $3,000 should be recorded at historical cost. Group assets are assigned to one specific location, are movable property requiring loss control, and have a useful life extending beyond a single reporting period. Group assets include classroom furniture, musical instruments, computer equipment, and band uniforms. Group purchases less than $3,000 are not capitalized.

Capital Assets should be depreciated over their useful lives as determined for each asset class. Land is considered inexhaustible, and is, therefore, not subject to depreciation. If determining historical costs is not practical due to inadequate records, reporting should be based on estimates of original cost at the date of construction or purchase.

Depending upon the information available and the category of the asset, fixed asset records should include all or part of the following:

Asset Tag Number if Assigned Estimated Useful Life
Asset Class Salvage Value
Cost Depreciation Expense
Acquisition Date
Description Depreciation Method
Serial Number Accumulated Depreciation
Location or Functional Area Replacement Cost

Donations

Donated Capital Assets must be reported at fair market value plus ancillary charges, if any, at the time of donation. Donated assets are depreciated over their useful lives as determined for each asset class. If determining historical costs is not practical due to inadequate records, reporting should be based on estimates of fair market value at the date of donation.

Collections

Works of art, historical treasures and similar assets should be capitalized at their historical cost or fair value at date of donation (estimated if necessary) whether they are held as individual items or in a collection. Capitalized collections or individual items that are exhaustible should be depreciated over their useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

Useful Lives

Useful lives of fixed assets are related to the life expectancy as used by the specific governmental unit. The following table should be used to assist the District in estimating the useful life of a capital asset:

Asset Class	Examples	Years/Range
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting.	15-20
School Buildings		80
HVAC Systems	Heating, ventilation, and air conditioning systems	20-25
Roofing		20-25
Interior Construction		25-30
Carpet Replacement		10-15
Electrical/Plumbing		25-30
Sprinkler/Fire System		25-30
Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	15-20
Machinery & Tools	Shop & maintenance equipment, tools	10-15
Kitchen Equipment	Appliances	10-15
Custodial Equipment	Floor scrubbers, vacuums, other	5-10
Furniture & Accessories	Classroom and office furniture	15-20
Business Machines	Fax, duplicating & printing equipment	3-5
Computer Hardware	PC's, printers, network hardware	3-5
Computer Software	Instructional, other short-term	5-10
Computer Software	Administrative or long-term	5-10
Audio Visual Equipment	Projectors, cameras (still & digital)	7-10
Musical Instruments	Pianos, string, brass, percussion	10-15
Licensed Vehicles	Buses, other on-road vehicles	8-10
Grounds Equipment	Mowers, tractors, attachments	10-15

Depreciation
Depreciation is required for the District's Capital Assets. Depreciation is allocated to expense in a systematic and rational manner. Depreciation is calculated using the Straight Line method and reported by area of activity (function). The District calculates depreciation on all capital assets reported in the District financial statements other than land and construction in progress. Depreciation may be calculated for a class of assets, network of assets or individual assets.

Disposals
Sale of Fixed Assets: When fixed assets are sold, calculation of gain or loss on disposal is required. The calculation is based upon the amount of proceeds received less the net book value (cost less accumulated depreciation taken on the asset).

Trade-in
The value given for a trade is part of the costs of the newly acquired asset. The costs and accumulated depreciation of the traded-in asset must be removed from the books. Any gain or loss resulting from the disposition of the asset will be recognized as a gain or loss on disposal.

Assets Acquired by Capital Lease
Assets acquired by Capital Lease are recorded at the net present value of the future minimum lease payments. A corresponding liability is established at this time. Assets acquired under the terms of capital leases are depreciated over the useful lives designated for the asset class.

LEGAL REF.: 23 Ill.Admin.Code §100.60.