

No. 3800  
SECTION: BUSINESS  
TITLE: CAPITAL ASSET POLICY  
  
ADOPTED: 12/17/02  
READOPTED: 6/15/09;6/20/13;1/29/14;  
11/15/16;6/18/19  
REVISED: 4/18/05

## OXFORD AREA SCHOOL DISTRICT

- A. The Board of School Directors of the Oxford Area School District recognizes the need to implement required accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB). Implementation of GASB Statement 34 requires the District to properly record and classify capital assets and to depreciate them over their recognized useful lives.
- B. In accordance with GASB Statement 34, capital assets include land, improvement to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures and infrastructure. Capital assets are both tangible and intangible assets used in operations, which have initial useful lives extending beyond a single reporting period. Any such capital asset will not change its original shape, appearance or character with use and can be expected to last more than one year with reasonable care and maintenance.

### PURCHASED CAPITAL ASSETS:

- A. Purchased capital assets with a cost greater than or equal to \$5,000, or such dollar threshold that is deemed appropriate by the administration, shall be recorded at their historical/original cost. The cost of capital assets should include capitalized interest and ancillary charges necessary to place the asset into service. Ancillary charges include freight, site preparation and professional fees.
- B. Capital assets should be depreciated over their useful lives as determined for each asset class. Inexhaustible capital assets such as land and land improvements shall not be depreciated.

When determining historical cost is not practical due to inadequate records, reported asset value shall be based on estimates of original cost at the date of construction or purchase.

Fixed asset records must include the acquisition date, cost, useful life, depreciation method and projected salvage value for appropriate capital asset classifications and groups.

Individual items costing less than the threshold amount, but purchased in quantity such that the aggregate total purchase cost meets or exceeds the threshold, may be capitalized as a single unit, described as a group asset, and depreciated over the useful life for that asset class.

Due to changes in technology, computer software is considered a supply and shall be expensed at the time of purchase. Upon purchase, components such as

monitors and keyboards, which individually may fail to meet the threshold, shall be capitalized as a single unit, a group asset, whenever the aggregate items meet or exceed a threshold for technology equipment of \$1,000, or such dollar threshold that is deemed appropriate by the administration.

Cafeteria, kitchen appliances and food service equipment shall be capitalized when individual items equal or exceed a threshold of \$1,000 and shall be capitalized as a unit upon purchase when the individual components are less than the capitalization threshold but in the aggregate meet or exceed the threshold of \$1,000, or such dollar threshold that is deemed appropriate by the administration.

#### DONATED CAPITAL ASSETS:

- A. Donated capital assets must be reported at fair market value plus ancillary charges, if any, at the time of donation. Donated assets are recorded as contributed capital and depreciated over their useful lives as determined for each asset class.
- B. 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:

- A. 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.
- B. 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.

#### INFRASTRUCTURE:

- A. Definition: Infrastructure assets are long-lived capital assets that normally are stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. Infrastructure includes site improvements such as bridges, tunnels, parking lots and sidewalks, or consulting on site acquisitions.
- B. Infrastructure assets should be depreciated over their useful lives. Routine repairs and maintenance costs are charged to operations as incurred. Expenditures that extend the useful life of the infrastructure are capitalized as an asset and depreciated over the newly established useful life.

Useful Lives: Fixed assets are to be depreciated over the following useful lives

<u>ASSET CLASS</u>	<u>YEARS</u>
School Buildings	40
Electrical/Plumbing	20
HVAC Systems	20
Interior Construction	20
Outdoor Equipment	20
Portable Classrooms	20
Roofing	20
Site Improvements	20
Sprinkler/Fire System	20
Stage & Auditorium	20
Contractors Equipment	10
Furniture & Accessories	10
Kitchen Equipment	10
Machinery & Tools	10
Musical Instruments	10
Licensed Vehicles	8
Athletic Equipment	7
Audio Visual Equipment	7
Grounds Equipment	7
Business Machines	5
Carpeting, New/Replacement	5
Communication Equipment	5
Custodial Equipment	5
Library Books	5
Science & Engineering	5
Uniforms	5
Computer Hardware	3

DEPRECIATION EXPENSE:

Depreciation expense should be reported in the statement of activities. Depreciation expense that can be specifically identified with a function should be included as a direct expense. Depreciation expense for shared facilities should be ratably included in direct expenses for each function.

Depreciation allocated to expense in a systematic and rational manner. The straight-line, half-year convention, method of depreciation is used.

Depreciation may be calculated for a class of assets, a network of assets or individual assets.

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.