

3245 POLICY – Capitalization

A Capital asset is tangible in nature, has a useful life of greater than one year, and is not considered to be a repair part or supply item. For financial reporting purposes, the district will establish Capitalization Levels, Control Levels, District Betterment Capitalization Levels, Salvage Value Levels, and Useful Life Levels by asset class. These levels will be reviewed periodically and modified when appropriate in the best interest of Utica Community Schools.

A fixed-asset system shall maintain information to permit the preparation of the year-end financial statements in accordance with generally-accepted accounting principles, adequate insurance coverage and control and accountability.

Policy

Adopted: 8/27/01

Re-adopted: 2/25/08

Revised: 1/14/19

3245 RULES & REGULATIONS – Capitalization

Capital Assets Rules & Regulation

A capital asset is defined as a financial resource meeting all of the following criteria:

- It is tangible in nature
- It has an extended useful life of greater than one year
- It is not a repair part or supply item

Capitalization Level

For financial reporting purposes, the district will capitalize and depreciate all capital asset purchases in excess of \$5,000. Capital assets include:

- Land
- Land improvements
- Buildings
- Building improvements
- Vehicles
- Machinery and equipment
- Works of art and historical treasures
- Infrastructures
- Other tangible or intangible assets

Control Level

The Assistant Superintendent for Business Services or his/her designee shall be responsible for the development and maintenance of the fixed-asset accounting system. Each administrator shall be responsible for the safeguarding the assets in his/her building.

The district will record in the fixed assets inventory all capital asset purchases (excluding furniture and fixtures) in excess of \$5,000.

Betterment Capitalization

For financial reporting purposes, the district will capitalize improvements to sites or buildings in excess of \$20,000 that extend the useful life of the capital asset at least five years.

Salvage Value

The district adopts the following salvage values:

Buildings and Site Improvements	20%
Computer and Audio-Visual Equipment	5%
Buses	10%
Other Vehicles	10%-20%

Other Capital Assets

5% - 20% to be determined by administration on a case-by-case basis

Useful Life

The district adopts the following standard useful life table:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School Buildings		50
Portable Classrooms		25
HVAC Systems	Heating, ventilation & air conditioning systems	20
Roofing		20
Interior Construction		25
Carpet Replacement		7
Electrical/Plumbing		30
Sprinkler/Fire System	Fire suppression systems	25
Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & Tools	Shop & maintenance equipment, tools	15
Kitchen Equipment	Appliances	15
Custodial Equipment	Floor scrubbers, vacuums, other	15
Science & Engineering	Lab equipment, scientific apparatus	10
Furniture & Accessories	Classroom & office furniture	20
Business Machines	Fax, duplicating & printing equipment	10
Copiers		5
Communications Equipment	Mobile, portable radios, non-computerized	10
Computer Hardware	PCs, printers, network hardware	5
Computer Software	Instructional, other short-term	5 to 10
Computer Software	Administrative or long-term	10 to 20
Audio Visual Equipment	Projectors, cameras (still & digital)	10
Athletic Equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical Instruments	Pianos, string, brass, percussion	10
Library Books	Collections	5 to 7
Licensed Vehicles	Buses, other on-road vehicles	8
Contractors Equipment	Major off-road vehicles, front-end loaders, large tractors attachments	10
Grounds Equipment	Mowers, tractors, attachments	15

Reference: Governmental Accounting Standards Board (GASB) #34 June 1999

Rules and Regulations

Adopted: 8/01

Revised 1/14/19