

Capital Assets

Capital Asset Additions

Purchased capital assets greater than \$5,000 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 preparations cost, and professional fees.

Purchases less than \$5,000 that are consumed within the fiscal year are treated as supplies and coded to the supply objects prescribed by the Pennsylvania Public School Accounting Manual.

Capital assets should be depreciated over their estimated useful lives as determined for each asset class. Land, and some land improvements are considered inexhaustible, and are therefore not subject to depreciation.

If determining historical cost is not practical due to inadequate records, reporting should be based on estimates of the original cost at the date of construction or purchase.

Capital assets records must include the acquisition date, cost, estimated useful life and method of depreciation for each capital asset classification and group.

Due to change in technology, computer software is considered a supply and is expensed at the time of purchase.

Donated capital assets must be reported as fair market value plus ancillary charges, if any, at the time of donation. Donated assets are recorded as contributed capital and depreciated over their estimated 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.

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 parking lots and sidewalks. Infrastructure assets should be depreciated over their estimated useful lives.

Infrastructure asset routine repairs and maintenance cost are charged to operations as incurred. Expenditures that extend the estimated useful life of the infrastructure are capitalized as part of the asset and depreciated over the newly established estimated useful life.

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 estimated useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

Capital Asset Disposal

When capital assets are sold, a 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 of the capital asset less accumulated depreciation taken).

When capital assets are traded-in, the value of the trade is part of the cost of the newly acquired asset. The costs and accumulated depreciation of the trade-in asset must be removed from the capital asset accounts. Any gain or loss resulting from the disposition of the asset will be recognized as a gain or loss on disposal in the entity-wide operating statement.

Asset 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 using the straight-line method over the estimated useful lives designated for the asset class.

Repairs and Maintenance

Extraordinary repairs greater than \$5,000 extending the estimated useful life of an asset beyond one (1) year should be capitalized, and the estimated useful life of the entire asset for depreciation purposes should be revised. Routine repairs, maintenance and parts purchased to keep the asset in working condition are charged to expense as incurred whether they are greater than or equal to \$5,000

Depreciation Useful Life Table:

Capital Assets are to be depreciated per the following Depreciation Useful Life Table:

Asset Class	Years	Examples
Outdoor Equipment & Signs	20	Stationary Playground/Athletic Equipment & Fixtures
Machinery & Tools	10	Pottery, Kitchen & Health Room Equipment
Furniture, Equipment & Accessories	5-10	Custodial Equipment/Vacuums, Science/Engineering Equipment, Whiteboards
Business Machines	5	Copiers, Postage Machines
Communication Systems	5	Telephones, Cellphones, Telephonic Operational Systems, Intercoms
Technology, Information Systems and Network Hardware	3-5	Computers, Printers, Scanners, iPads, Other handheld computer devices, Servers, Routers, Switches
Audiovisual Equipment & Accessories	7	Televisions, Cameras, Camcorders, Projectors, Smart Boards
Licensed Vehicles	8	Automobiles, Trucks
Contractor Equipment	10	Front-End Loaders, Large Tractors
Ground & Maintenance Equipment	7	Ground & Maintenance Equipment, Mowers, Small Tractors
School Buildings	40	School Buildings
Land/Site Improvements	20	Sidewalks, Walk-Ways, Parking Lots, Athletic Fields, Grading
Portable Structures	20	Portable Gymnasium Stands, Modular Classrooms
Interior/Exterior Construction	20	Completed Construction
Electrical/Plumbing	20	Electrical/Plumbing Installations
HVAC Systems	20	HVAC Installations
Sprinkler/Fire/Alarm Systems	20	Sprinkler/Fire/Alarm Installations
Roofing	20	Roofing
Stage & Auditorium	20	Stage & Auditorium/Stage Curtain
Carpeting & Vinyl Flooring (New/Replacement)	5	Carpeting & Flooring Installations
Classroom Desks	10	Classroom Desks
Classroom Chairs	10	Classroom Chairs
Multi-Media Materials	5	Multi-Media Materials
Athletic Equipment (Portable)	7	Gym/Football Equipment, Weight Machines
Uniforms	5	Athletic, Musical Uniforms
Musical Instruments	10	Piano, Wind, Brass, Percussion Instruments
Land	N/A	Land Acquisition