

# Pennsbury School District

## School Board Policy

Effective Date	Supersedes Index No.	Index No.
<b>09/17/09</b>	<b>5901R2</b> of 12/3/79	<b>622.1</b>

**Title:** Capital Assets

**Purpose:** The Pennsbury School District Capital Assets Policy follows the requirements set forth by the Governmental Accounting Board Statement No. 34 as it pertains to capital asset reporting.

This document, Index No. 622.1, replaces the previous Index No. 5901R2.

**Definition:** The policy applies to Pennsbury School District's acquisition and depreciation of capital assets. Capital assets include land, land 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.

**Policy:** Purchased capital assets greater than \$2,500 in cost 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.

Group purchases of related assets greater than \$2,500 in cost should be recorded at historical costs. 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 and computer equipment. Group purchases less than \$2,500 are not capitalized. Capital assets should be depreciated over their useful lives as determined for each asset class. See the attached Useful Life Table. Land, and some

land improvements, are considered inexhaustible, and are therefore not subject to depreciation.

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

Donated capital assets must be recorded 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.

Depreciation is required for the School District's capital assets. Depreciation is calculated using the straight line method and reported by area of activity, i.e. function. Depreciation is calculated on all capital assets except for land, permanent improvements to land and construction that is in progress, and is reported in annual financial statements.

Depreciation may be calculated for a class of assets or individual 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, i.e. cost less accumulated depreciation taken on the asset.

The value given for a trade is part of the cost 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 disposal of the asset is recognized as a gain or loss on disposal.

Useful lives of fixed assets are related to the life expectancy of the assets, as used by the School District. The attached Useful Life Table should be used to estimate the useful life of a capital asset.

**Responsible  
Administrator:** Director of Financial Services

## Useful Life Table

Asset Class	Useful Life- Months
Building Improvements (HVAC, Plumbing, Roofing, Electrical)	240
Site Improvements (paving, sidewalks, fencing)	240
Land	N/A
Computers & Computer Equipment	60
Furniture-Office and Classroom	240
Office Machines and Devices ( fax, copiers, printing machines)	96
Telephone Systems	120
Misc. Admin Equipment	120
Audio Visual Equipment (projectors, cameras)	72
Food Service Equipment	180
Athletic Equipment	120
Vo-Tech Equipment	180
Science and Lab Equipment	120
Musical Instruments and Equipment	120
Vehicles (buses, vans, maintenance trucks)	96
Communications/Broadcasting Equipment	120
General Plant/ Grounds Equipment (mowers, tractors)	144
Misc. Movable Equipment	120
Custodial Equipment (Floor scrubbers, vacuums)	120