

# CARLISLE AREA SCHOOL DISTRICT

SECTION: FINANCES  
TITLE: FIXED ASSETS  
ADOPTED: November 16, 2006  
REVISED: November 15, 2007  
April 16, 2015  
January 20, 2022

## 622. FIXED ASSETS

### **Purpose**

The Board recognizes the need to implement the required accounting and financial reporting standards stipulated by the Pennsylvania Department of Education. [1]

The Board recognizes that the district must properly record and classify assets and depreciate them over their recognized lives in accordance with GASB 34.

### **Authority**

Participation of the school district in any such activity shall be in accordance with Board policy. [2]

### **Delegation of Responsibility**

The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Business Manager/Board Secretary.

The designated individual shall be responsible for implementing the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. Depreciation shall be computed on a straight-line basis over the useful lives of the assets, using an averaging convention. A schedule of accumulated depreciation shall be consistent from year to year.

### **Guidelines**

#### **Capital Assets**

##### *Definition –*

In accordance with Governmental Accounting Standards Board Statement number 34, capital assets include land, improvements 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 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.

### Purchased Capital Assets

Purchased capital assets greater than or equal to \$5,000 total cost per unit should 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. Purchases less than \$5,000 are treated as supplies and are coded to the supply objects prescribed by the Pennsylvania Department of Education Manual of Accounting.

Capitalization will not be done on a combination of purchased items when a single item costs less than the capitalization threshold.

Capital assets should be depreciated over their useful lives as determined for each asset class. Inexhaustible capital assets such as land and land improvements should not be depreciated.

If determining historical cost is not practical due to inadequate records, reporting should 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 salvage value for capital asset classifications and groups.

### Donated Capital Assets: Donated Capital Assets

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.

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.

### Infrastructure

*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 parking lots and sidewalks, as well as fiber-optic systems for computer networks or consulting on acquisitions.

Infrastructure assets should be depreciated over the 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* – Governmental activities and Business-type activities fixed assets are to be depreciated over the following useful lives:

<u>ASSET CLASS</u>	<u>RANGE OF YEARS</u>
Buildings and improvements	15 - 30
Land improvements	10 - 20
Furniture and equipment	5 - 10
Vehicles	5

#### 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 is 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.

#### **Legal References:**

1. SC 613
2. SC 218