

**GREATER  
JOHNSTOWN  
CAREER &  
TECHNOLOGY CENTER**

SECTION: FINANCES

TITLE: GASB STATEMENT 34  
(CAPITAL ASSET)

ADOPTED: February 26, 2008

REVISED:

	<p>622. GASB STATEMENT 34 (CAPITAL ASSET)</p>
<p>1. Purpose SC 613</p>	<p>The Greater Johnstown Career and Technology Center Capital Asset Policy follows the requirements set forth by the Governmental Accounting Standards Board Statement No. 34 as it pertains to Capital Asset Reporting.</p> <p>The policy applies to Greater Johnstown Career and Technology Center’s acquisition and depreciation of capital assets.</p>
<p>2. Definition</p>	<p>Capital assets include land, improvements to land, easements, buildings and building additions, building 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 (1) year with reasonable care and maintenance.</p>
<p>3. Authority SC 218</p>	<p>Participation of the center in any such activity shall be in accordance with Joint Operating Committee policy.</p>
<p>4. Delegation of Responsibility</p>	<p>The Joint Operating Committee delegates to the Business Manager, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy. The Business Manager shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.</p>
<p>5. Guidelines</p>	<p><u>Capital Asset Addition Overview</u></p> <p>Purchased capital assets greater than \$1,500 individually and \$5,000 for group assets 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.</p>

Purchases less than \$1,500 individually and \$5,000 for group purchases that have lives that extend beyond one (1) year and need to be controlled for insurance purposes, should be classified as noncapital equipment expenditures, and coded to the object specified by the Pennsylvania Public School Accounting Manual. Purchases less than \$1,500, 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.

Group purchases of assets costing more than \$5,000 should be recorded at historical cost. Group assets are assigned to one (1) specific location, are movable property requiring loss control, and have a useful life extending beyond a single reporting period. Group assets include classroom furniture, classroom texts, library books, musical instruments, computer equipment, and band uniforms. Group purchases less than \$5,000 are not capitalized.

Capital assets should be depreciated over their 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 costs is not practical due to inadequate records, reporting should be based on estimates of original cost at the date of construction or purchase.

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	Depreciation Method
Asset Class	Salvage Value
Serial Number	Accumulated Depreciation
Cost	Depreciation Expense
Location or Functional Area	Replacement Cost
Acquisition Date	

Donations

Donated capital assets should be reported 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.

Collections

Works of art, historical treasures and similar assets should be capitalized at their historical cost or fair value at date of donation 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 roads, electrical distribution systems, street lighting, water wells, etc.

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 part of the asset and depreciated over the newly established useful life.

Useful Lives

Useful lives of fixed assets relate to the life expectancy as used by the specific governmental unit. The following table should be used to assist the GJCTC in estimating the useful life of a capital asset:

Asset Class	Examples	Years/Range
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	15-20
School Buildings		40-50
HVAC Systems	Heating, ventilation, and air conditioning systems	20-25
Roofing		20-25
Interior Construction		25-30
Carpet Replacement		5-7
Electrical/Plumbing		25-30
Sprinkler/Fire System		20-25

Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	15-20
Machinery & Tools	Shop & maintenance equipment, tools	10-15
Kitchen Equipment	Appliances	10-15
Custodial Equipment	Floor scrubbers, vacuums, other	5-10
Furniture & Accessories	Classroom and office furniture	15-20
Business Machines	Fax, duplicating & printing equipment	5-10
Communication Equipment	Mobile, portable radios, non-computerized	5-10
Computer Hardware	PC's, printer, network hardware	3-5
Computer Software	Instructional, other short-term	5-10
Computer Software	Administrative or long-term	5-10
Audio Visual Equipment	Projectors, cameras (still & digital)	7-10
Musical Instruments	Pianos, string, brass, percussion	10-15
Library Books	Collections	5-7
Licensed Vehicles	Buses, other on-road vehicles	8-10
Grounds Equipment	Mowers, tractors, attachments	10-15

#### Depreciation

Depreciation is required for the GJCTC capital assets. Depreciation is allocated to expense in a systematic and rational manner. Depreciation is calculated using the straight line method and reported by area of activity (function). The GJCTC calculates depreciation on all capital assets reported in the GJCTC financial statements other than land, permanent improvements to land, and construction in progress.

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

#### Disposals

1. Sale of Fixed 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 (cost less accumulated depreciation taken on the asset).

2. Trade-ins: The value given for a trade is part of the cost of the acquired asset. The costs and accumulate depreciation of the traded-in asset must be removed from the books. Any gain or loss resulting from the disposition of the asset will be recognized as a gain or loss on disposal.

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.

References:

School Code – 24 P.S. Sec. 218, 613

Governmental Accounting Standards Board, Statement No. 34