



Book	Policy Manual
Section	600 Finances
Title	GASB Statement 34
Code	622
Status	First Reading
Adopted	August 8, 2006
Last Revised	June 13, 2017

Purpose

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

The primary objectives of implementing the GASB Statement 34 are to assure compliance with state requirements, and properly account for both the financial and economic resources of the district.

Authority

Participation of the school district in any such activity shall be in accordance with Board policy. [\[2\]\[1\]](#)

Delegation of Responsibility

The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the business administrator.

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. Normal maintenance and repairs shall be charged to expense as incurred; major renewals and betterments that materially extend the life or increase the value of the asset shall be capitalized. A schedule of accumulated depreciation shall be consistent from year to year. The basis for depreciation, including groups of assets and useful lives, shall be in writing and submitted for review to the Finance Committee.

The business administrator or designee shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34 and shall be submitted to the Board for approval, prior to publication.

Prior to submission of the MD&A for Board approval, the district's independent auditors shall review the MD&A, in accordance with SAS No. 52, "Required Supplementary Information".

Guidelines

In order to associate debt with acquired assets and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. The asset life of these assets shall be considered relative to the time of the respective debt amortizations.

Capital assets are tangible assets used in operations and have initial useful lives extending beyond a single reporting period and exceed the dollar thresholds as described in the accompanying Administrative Guideline. 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. Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, furniture, fixtures and equipment, works of art and historical treasures, construction-in-progress, infrastructure, and group purchases of textbooks, library books, and technology devices. Assets purchased with a single item dollar value exceeding \$5,000 shall be capitalized. Similar assets with an individual value less than \$5,000, shall be capitalized when made as a single purchase but in the aggregate equivalent to or exceeding \$5,000. Subscription based IT leased asset arrangements (SBIT) lasting longer than one year, shall be capitalized when the total cost over the lease period or arrangement exceeds \$40,000.

The capitalization threshold shall be set at a level that will capture at least eighty percent (80%) of all fixed assets.

Assets that fall below the capitalization threshold for GASB 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The district may record and maintain these non-GASB 34 asset inventories in subsidiary ledgers.

Legal

1. 24 P.S. 613

2. 24 P.S. 218

Governmental Accounting Standards Board, Statement No. 34