

HAMBURG AREA SCHOOL DISTRICT

SECTION: FINANCES

TITLE: GASB STATEMENT 34

ADOPTED: July 13, 2015

REVISED:

622. GASB STATEMENT 34	
1. Purpose	<p>The Board recognizes the need to implement the required accounting and financial reporting standards stipulated by the Pennsylvania Department of Education.</p> <p>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.</p>
2. Authority SC 218, 613	<p>Participation of the school district in any such activity shall be in accordance with Board policy.</p>
3. Definition	<p>A capitalized asset shall be any asset acquired by donation or purchase that has a useful life of longer than one (1) year or extends the life of another capitalized asset or increases its value and meets a specific dollar threshold.</p>
4. Delegation of Responsibility	<p>The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Business Manager.</p> <p>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 independent auditors.</p> <p>The Business Manager 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.</p>

<p>5. Guidelines</p>	<p>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".</p> <p>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.</p> <p>As of July 1, 2009, for all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than \$5,000.</p> <p>The capitalization threshold shall be set at a level that will capture at least eighty percent (80%) of all fixed assets. Management should periodically review these levels with assistance from the local independent auditor and make any modifications necessary.</p> <p>All capitalized assets shall be recorded at historical cost at acquisition date or estimated cost if acquired prior to the date of the initial inventory. Any donated capital asset shall be recorded at the date of donation using the fair market value of the item at that date.</p> <p>The assets listed below do not normally individually meet capitalization threshold criteria:</p> <ol style="list-style-type: none">1. Library books.2. Classroom texts.3. Computer equipment.4. Classroom furniture. <p>These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.</p> <p>For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the district shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.</p>
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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.

References:

School Code – 24 P.S. Sec. 218, 613

Governmental Accounting Standards Board, Statement No. 34