

SECTION: FINANCES

TITLE: GASB STATEMENT 34

ADOPTED: May 10, 2010

REVISED: November 10, 2014

FOX CHAPEL AREA SCHOOL DISTRICT

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. Delegation of Responsibility	<p>The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Director of Business Affairs.</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 Board.</p> <p>The Director of Business Affairs shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34.</p> <p>Prior to submission of the MD&A, the district's independent auditors shall review the MD&A, in accordance with SAS No. 52, "Required Supplementary Information".</p>

<p>4. Guidelines</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>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>Depreciable capital assets are non-consumable material purchases with a life expectancy of greater than one year. The actual useful life will be based upon specific utilization. Items may be grouped by year of acquisition and include: buildings, building improvements, portable classrooms, vehicles, leasehold improvements, technology, audio-visual equipment, kitchen equipment, athletic equipment, musical instruments, library books, maintenance and grounds equipment, and furniture and fixtures.</p> <p>Non-depreciable capital assets include: land; land improvements (cost incurred to ready land for its intended use and that does not lose its value such as, excavation, fill grading, landscaping, etc.), construction-in-progress, easements, rights of way, historical treasures and works of art.</p> <p>Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are normally stationery in nature, such as roads and bridges. Buildings, except those that are an ancillary part of a network of infrastructure assets, should not be considered infrastructure assets. Other examples of non-infrastructure assets that are incidental to a school's property include: fencing, retaining walls, irrigation systems, athletic courts, fields and tracks, private use sewer facilities and water lines, area lighting, drives, parking lots, sidewalks, curbs, and gutters.</p> <p>Management should consider, in conjunction with the local auditor, the use of salvage value on those capitalized assets that have a resale value at the end of their useful life.</p> <p>All capitalized assets shall be recorded at historical cost at acquisition date. For any asset acquired prior to the date of initial inventory, historical cost will be established based on replacement cost indexed backwards to the date of acquisition. These estimates will be performed by an authorized outside agency or Board authorized valuation firm.</p> <p>Capital assets that are sold or disposed of will be removed from the district's inventory tracking database. Depreciation will be calculated and recorded to the date of sale or disposition. Resulting differences in proceeds/deficits will be recorded as a Gain/Loss (respectively) on the sale or disposition of the asset.</p>
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	<p>Donated assets (gifts of property) shall be recorded at fair market value at the time of receipt.</p> <p>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.</p> <p>.</p> <p>.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 613</p> <p>Governmental Accounting Standards Board, Statement No. 34</p>
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