



**Section:** FINANCES  
**Title:** GASB STATEMENT NUMBER 34  
**Adopted:** May 20, 2003  
**Revised:** June 20, 2006  
 August 15, 2017

<b>619. GASB STATEMENT NUMBER 34</b>	
<p>1. Purpose SC 613</p> <p>2. Authority</p> <p>3. Delegation of Responsibility</p> <p>4. Guidelines</p>	<p>The Joint Operating Committee recognizes the need to implement the required accounting and financial reporting standards stipulated by the Pennsylvania Department of Education (PDE).</p> <p>The primary objectives of implementing GASB Statement Number 34 are to assure compliance with state requirements and to properly account for both the financial and economic resources of the center.</p> <p>Participation of the center in any such activity shall be in accordance with Joint Operating Committee policy.</p> <p>The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Business Administrator, in cooperation with the independent auditor.</p> <p>The designated individual shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.</p> <p>The Business Administrator shall prepare the required Management’s Discussion and Analysis (MD&amp;A). The MD&amp;A shall be in the form required by GASB Statement Number 34 and shall be submitted to the Joint Operating Committee for approval prior to publication.</p> <p>Prior to submission of the MD&amp;A for Joint Operating Committee approval, the center’s independent auditors shall review the MD&amp;A in accordance with SAS No. 52, “Required Supplementary Information.”</p> <p><u>Capitalized Assets</u></p> <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> <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>

**619. GASB STATEMENT NUMBER 34**

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the capital asset accounts shall not be less than \$3,500.00. The Center shall periodically review these levels with assistance from the local independent auditor and make any necessary modifications.

The capitalization threshold shall be set at a level that will capture at least 80% of all capital assets.

The assets listed below do not normally individually meet capitalization threshold criteria:

- Computer Equipment
- Classroom Furniture
- Classroom Small Power Tools
- Classroom Hand Tools

These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds \$5,000 in any given fiscal year.

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 center shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

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

Value of Assets

All capitalized assets shall be recorded at historical cost at the acquisition date or estimated cost. Any donated capital asset shall be recorded at the date of donation using the fair market value of the item at that date.

Depreciation

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 done in writing and submitted for review to the Independent Auditors.