

3031 GASB #34 Capitalization**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.

Delegation of Responsibility

The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Director of Business and Finance.

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.

The Director of Business and Finance in conjunction with the Independent Auditors 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.

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 the assets shall be considered relative to the time of the respective debt amortizations.

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 four thousand dollars (\$4000).

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

1. Library books.
2. Classroom books.
3. Computer equipment.
4. Classroom furniture.

Any individual asset below the capitalization threshold of four thousand dollars (\$4000) will not be capitalized.

Asset Class	Examples	Years/Range
Land		n/a
School Buildings		50
Swimming Pools		50
Electrical/Plumbing		30
Interior Construction		25
Sprinkler/Fire Systems		25
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
HVAC Systems	Heating, ventilation, air conditioning systems	20
Roofing		20
Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	20

Furniture & Accessories	Classroom & office furniture	20
Kitchen Equipment	Appliances	15
Grounds Equipment	Movers, tractors, attachments	15
Machinery & Tools	Shop & maintenance equipment, tools	10
Custodial Equipment	Floor scrubbers, vacuums, other	10
Business Machines	Fax, duplicating & printing equipment	10
Communication Equipment	Mobile, portable radios, non-computerized	10
Audio Visual Equipment	Projectors, cameras (still & digital)	10
Musical Instruments	Pianos, string, brass, percussion	10
Athletic Equipment	Cardiovascular/exercise equipment	10
Licensed Vehicles	Buses, other on-road vehicles	8
Carpet Replacements		7
Computer Hardware	PC's, printers, network hardware	5
Computer Software	Instructional, other short-term	5
Computer Software	Administrative or long-term	5
Library Books	Collections	5
Uniforms		5

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.

ADOPTED: April 23, 2018