

WILMINGTON AREA SCHOOL DISTRICT

SECTION: FINANCES

TITLE: GASB STATEMENT 34

ADOPTED: December 1, 2014

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 Governmental Accounting Standards Board (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. Definitions	<p>For the purpose of this policy, a capitalized asset shall be any asset acquired, donated or purchased by District that has a useful life of longer than one (1) year and meets a specific dollar threshold.</p> <p>Depreciation shall mean the computation of assets on a straight-line basis over the useful lives of the assets, using an averaging convention.</p> <p>Estimated useful life shall mean the estimated number of months or years that an asset shall be able to be used for the purpose for which it was purchased. Property management practices, asset usage and other variables such as weather may require adjustments.</p> <p>Infrastructure assets shall be long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets shall be normally stationary in nature such as roads and bridges. Buildings, except those that are an ancillary part of a network of infrastructure assets, shall not be considered infrastructure assets. Other examples of non-infrastructure assets that shall be incidental to the District's property include, but shall not be limited to, the following:</p> <ol style="list-style-type: none">1. Area lighting.2. Athletic courts, fields and/or tracks.3. Drives, parking lots, sidewalks and/or curbs.4. Fencing.

<p>3. Authority SC 218, 613</p> <p>4. Delegation of Responsibility</p>	<p>5. Gutters.</p> <p>6. Irrigation systems.</p> <p>7. Private use sewer facilities and water lines.</p> <p>8. Retaining walls.</p> <p>Land improvements shall include items such as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fencing, outdoor lighting and other non-building improvements intended to make the land ready for its intended purpose. Land improvements can be further categorized as non-exhaustible and exhaustible, in accordance with the following:</p> <ol style="list-style-type: none"> 1. Depreciable improvements that shall be part of a site, such as parking lots, landscaping and fencing. Depreciation of site improvements shall be necessary if the improvement shall be exhaustible. 2. Expenditures for improvements that shall not require maintenance or replacement, expenditures to bring land into condition to commence erection of structures, expenditures for improvements not identified with structures and expenditures for land improvements that shall not deteriorate with use or passage of time shall be additions to the cost of land. <p>The value of assets shall mean all capitalized assets recorded at historical cost at the acquisition date or estimated cost.</p> <p>Participation of the school District in any such activity shall be in accordance with Board policy.</p> <p>The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Superintendent or designee.</p> <p>The designated individual shall be responsible for implementing the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. 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>
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<p>5. Guidelines</p>	<p>The Business Manager and auditor shall be responsible for the preparation of 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><u>Inventory Of Capital Assets</u></p> <p>The District shall conduct an inventory of all capital assets. Each inventory record shall also identify the function(s) that utilize the asset, location of the asset and include the following:</p> <ol style="list-style-type: none">1. Description.2. Acquisition year and method (e.g., purchase, donation, etc.).3. Funding source.4. Cost or estimated cost.5. Salvage value.6. Estimated useful life. <p>Assets such as furniture, machinery and equipment that meet threshold levels shall be identified and inventoried. Specific individual assets may fall below the capitalization threshold, but may be purchased in large quantities by the District.</p> <p>The District shall aggregate such assets and consider the materiality and significance of such assets and, if material or significant, capitalize such items either individually or in the aggregate.</p> <p>Land shall be capitalized, but not depreciated, and recorded at historical cost until disposal. In the event that the sale of land occurs in a gain, the sale shall be reported as a special item in the statement of activities.</p> <p><u>Buildings</u></p> <p>Building shall be recorded at either their acquisition cost or construction cost. Building improvements that extend the useful life shall be capitalized.</p> <p>To be considered a building improvement, the improvement shall be required to have a significant impact and meet the District's established capitalization threshold.</p>
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Construction In Progress

Construction in progress shall be capitalized and not depreciated. It shall be reported with land and other non-depreciating assets at the government-wide level. Unspent debt proceeds from capital assets related debt shall be reported under restricted for capital projects in the net assets section of the statement of net assets.

Dollar Threshold

A dollar threshold for each asset shall be set at an appropriate level. Management shall periodically review these levels with assistance from the local independent auditor and make any modifications necessary without prior Board approval.

Association Of Debt

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.

Major Infrastructure Assets

The determination of major infrastructure assets shall be at the network or sub-system level and shall be based on these criteria:

1. The cost or estimated cost of the subsystem shall be expected to be at least 5% of the total cost of all general capital assets reported in the first fiscal year end or;
2. The cost or estimated cost of the subsystem shall be expected to be at least 10% of the total cost of all general capital assets reported in the first fiscal year end or;

Reporting on non-major networks shall be encouraged.

References:

School Code – 24 P.S. Sec. 218, 613

Governmental Accounting Standards Board, Statement No. 34