WILSON AREA SCHOOL DISTRICT

SECTION:	BUSINESS
TITLE:	GASB STATEMENT NUMBER 34
ADOPTED:	June 18, 2003

	GASB STATEMENT 34
Purpose	The Board recognizes the need to implement and comply with the required accounting and financial reporting standards as stipulated by the Pennsylvania Department of Education and Governmental Accounting Standards Board (GASB).
Definition	The policy applies to Wilson Area School District's acquisition and depreciation of capital assets. **Capital assets** include land, improvements to land, easements, buildings and building additions, building improvements, furniture, fixtures and equipment, equipment under lease, vehicles, works of art and historical treasures, construction-in-progress, and infrastructure. **Capital assets** are tangible assets used in operations and have initial useful lives extending beyond a single reporting period. Equipment will not change its original shape, appearance or character with use and it can be expected to last more than one (1) year with reasonable care and maintenance.
Authority	Participation of the school entity in any such activity shall be in accordance with Board policy.
Delegation of Responsibility	The Board of School Directors delegates to the Business Manager, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy. The Business Manager shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.
Guidelines	<u>Capital Asset Addition</u> Purchased capital assets greater than $1,000 should be recorded at historical/original cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition – such as freight and transportation charges, site preparation costs and professional fees.

	Purchases less than $1,000, but have lives that extend beyond one (1) year and need to be controlled for insurance purposes, should be classified as non-capital equipment expenditures. Purchases less than $1,000 and are consumed within the fiscal year are treated as supplies and coded to the supply objects. Group purchases of assets greater than $1,000 should be recorded at historical cost and capitalized. Group assets are assigned to one specific location, are movable property requiring loss control, and have a useful life extending beyond a single reporting period. Group assets include classroom furniture, library books and computer equipment. Group purchases less than $1,000 are not capitalized. Donated capital assets must be reported at fair market value plus ancillary charges, if any, at time of donation. If determining historical costs is not practical due to inadequate records, reporting should be based on estimates of original cost at the date of construction or purchase. Current replacement cost can be used but should be discounted to an estimated acquisition cost through indexing. <u>Depreciation</u> Depreciation shall be based on the straight-line method of depreciation over the estimated useful life of each depreciable asset or group of assets. Periodically, management shall evaluate the estimated useful life of each depreciable asset to determine if revision of such estimate is required.