

MONROE CAREER AND TECHNICAL INSTITUTE

SECTION: FINANCES

TITLE: GASB STATEMENT 34

ADOPTED: AUGUST 1, 2011

FIRST READING: JULY 11, 2011

622. GASB STATEMENT 34	
1. Purpose SC 613	<p>The Joint Operating Committee 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 to properly account for both the financial and economic resources of the school.</p>
2. Authority SC 218	<p>Participation of the school in any such activity shall be in accordance with Joint Operating Committee policy.</p>
3. Delegation of Responsibility	<p>The Joint Operating Committee delegates to the Business Manager, in cooperation with the local independent auditor, the responsibility to coordinate the compilation and preparation of all information necessary to implement this policy in accordance with school administrative procedures.</p>
4. Guidelines	<p><u>Requirements</u></p> <p><i>Capitalized Assets -</i></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. At management's discretion, and in conjunction with the local auditor, capital assets purchased with long-term debt may be capitalized regardless of the specific dollar threshold for the type of class of asset acquired.</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 \$2,500.</p> <p><i>Value of Assets -</i></p> <p>All capitalized assets shall be recorded historical cost at acquisition date or estimated cost if acquired prior to the date of the initial inventory. Any donated capital asset</p>

shall be recorded at the date of donation using the fair market value of the item at the date.

Depreciation -

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.

Dollar Threshold -

A dollar threshold for each asset shall be set at an appropriate level. Management should periodically review these levels with assistance from the local independent auditor and make any modifications necessary.

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 school may record and maintain these non-GASB 34 asset inventories in subsidiary ledgers.