

No. 603

SECTION: Finances

TITLE: Financial Reports and Statements

CATASAUQUA AREA SCHOOL DISTRICT

ADOPTED: March 14, 2023

603 – FINANCIAL REPORTS AND STATEMENTS		1	
<p>1. Obligation and Authority</p> <p>School Code §§ 218, 613.</p>	<p>The Catasauqua Area School District shall submit annual financial reports and annual management information reports of certain governmental expenditures at the school operational level and districtwide to the Pennsylvania Department of Education as required by law.</p>	2 3 4 5 6 7	
	<p>All financial accounting and reporting to the Department of Education shall be in accordance with generally accepted accounting and reporting standards (including, but not limited to, statements of the Government Accounting Standards Board (“GASB”) as then in effect, such as GASB Statement No. 34) and the reporting standards and requirements of the Department of Education, <i>except</i> that the following are not required components of the annual financial report:</p>	8 9 10 11 12 13 14 15	
	<p>A. Management discussion and analysis and related notes;</p>	16 17	
	<p>B. Entity-wide financial statements, including the statement of activities and the statement of net assets;</p>	18 19 20	
	<p>C. The reconciliation of the balance sheet–governmental funds to statement of net assets; and</p>	21 22 23	
	<p>D. The reconciliation of the statement of revenues, expenditures, and changes in fund balances–government funds to statement of activities.</p>	24 25 26 27	
	<p>2. Delegation of Responsibility</p>	<p>The Board delegates responsibility to coordinate the compilation and preparation of all information necessary to implement this policy to the Business Manager, in consultation and cooperation with the local independent auditor.</p>	28 29 30 31
		<p>Whenever the District desires to issue financial statements that include management discussion and analysis and related notes (“MD&A”), the MD&A shall be in the form required by GASB Statement 34 (as it may be amended), shall be prepared by the Business Manager, and shall be submitted to the Board for approval prior to publication. Prior to submission of the MD&A for Board approval, the District’s independent auditors shall review the MD&A in accordance with the Required Supplementary Information provisions of Statement on Auditing Standards No. 52, 91, 98, and Auditing Standard 2705.</p>	32 33 34 35 36 37 38 39 40

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3. Thresholds and Guidelines

A. Capitalized Assets (GASB 34)

A capitalized asset shall be any asset acquired by donation or purchase that has a useful life of longer than one (1) year, extends the life of another capitalized asset, or increases its value, and meets a specific dollar threshold.

The dollar value of any single item for inclusion in the fixed asset accounts “**capitalization threshold**”) shall not be less than \$5,000, *provided* that this capitalization threshold shall be reduced if necessary to capture at least 80% of all fixed assets. Management should periodically review the capitalization threshold with assistance from the local independent auditor and recommend any appropriate modifications to the Board.

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.

The following assets do not normally meet capitalization threshold criteria individually: (1) library books; (2) classroom texts; (3) certain computer equipment; (4) classroom furniture. These asset category costs shall be capitalized and depreciated as groups when that group’s acquisition cost exceeds the capitalization threshold 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 District 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 No. 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.

The Business Manager 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 assets. Periodically, management shall evaluate the estimated useful life of each depreciable asset to determine if revision of such estimate is required. 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 to the Board for review.

All capitalized assets shall be recorded at historical cost at acquisition date, or estimated cost if acquired before the date of the initial inventory. Any donated capital asset shall be recorded at the date of donation using the fair market value of the item at the time.

B. Leases (GASB 87)

The materiality threshold for reporting leases in accordance with GASB Statement No. 87 shall be an annual exchange of value of at least \$20,000.00. Management should periodically review the materiality threshold with assistance from the local independent auditor and recommend any appropriate modifications to the Board.

C. Subscription-Based Information Technology Arrangements (GASB 96)

The materiality threshold for reporting subscription-based information technology arrangements in accordance with GASB Statement No. 96 shall be an annual exchange of value of at least \$20,000.00. Management should periodically review the materiality threshold with assistance from the local independent auditor and recommend any appropriate modifications to the Board.

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