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GASB 34, GASB 87 & GASB 96 REPORTING AND CAPITALIZATION POLICY BOARD ADOPTED JANUARY 24, 2024

619 GASB 34, GASB 87 & GASB 96 REPORTING AND CAPITALIZATION POLICY

A. PURPOSE

1. The Board recognizes the need to comply with the required accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement 34, GASB Statement 87 and GASB Statement 96 were issued to provide new and additional information to the diverse users of financial statements of state and local governments, including intermediate units.
2. The primary objectives of GASB 34 include:
 - a. Entity-wide financial statements reflecting the overall financial position of the Intermediate Unit,
 - b. Long-term focus for Intermediate Unit activities, including accounting for capital assets and long-term liabilities,
 - c. Management's narrative overview and analysis,
 - d. Information on major funds and
 - e. Expanded budgetary reporting.
3. The primary objectives of GASB 87 include:
 - a. Recognition of certain lease assets and liabilities for leases that were previously classified as operating leases,
 - b. Reporting as inflows or outflows of resources based on the payment provisions of the contracts and
 - c. Establishing a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
4. The primary objectives of GASB 96 include:
 - a. Recognition of certain subscription-based information technology arrangements liabilities and intangible assets representing the right to use the subscription asset and
 - b. Reporting as outflows of resources based on the payment provisions of the subscription.
5. It is important to note that the methods, calculations and procedures for determining the budgetary process of the Intermediate Unit are not affected by GASB Statement 34, 87 or 96.

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32 **B. DELEGATION OF RESPONSIBILITY**

- 33 1. The Board delegates to the Director of Business Services, in consultation with the local
34 independent auditor, the responsibility to coordinate the compilation and preparation of all
35 information necessary to comply with this policy.

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37 **C. REQUIREMENTS**

38 1. Capitalized Assets

- 39 a. A capitalized asset shall be any asset acquired by donation or purchase that has a useful life
40 of longer than one year, or extended the life of another capitalized asset or increases its value
41 and meets a specific dollar threshold. At management's discretion, and in conjunction with
42 the local auditor, capital assets purchased with long-term debt may be capitalized regardless
43 of the specific dollar threshold for the type or class of asset required.

44 2. Value of Capitalized Assets

- 45 a. All capitalized assets shall be recorded at historical cost at acquisition date or estimated cost
46 if acquired prior to the date of the initial inventory. Any donated capital asset shall be
47 recorded at the date of donation using the fair market value of the item at that date.

48 3. Capitalized Asset Depreciation

- 49 a. Depreciation shall be based on the straight-line method of depreciation over the estimated
50 useful life of each depreciable asset or group of assets. Periodically, management shall
51 evaluate the estimate useful life of each depreciable asset to determine if revision of such
52 estimate is required.

53 4. Capitalized Asset Dollar Threshold

- 54 a. The dollar threshold for capitalizing an asset shall be set by management at an appropriate
55 level in compliance with state and federal guidelines. Management shall periodically review
56 this threshold with the local independent auditor and make any modifications necessary for
57 the effective reporting of capital assets.

58 5. Leases & Subscription-Based Information Technology Arrangements Materiality Threshold

- 59 a. The materiality threshold for the reporting of lease assets and liabilities and for the reporting
60 of subscription-based information technology arrangements shall be set by management at an
61 appropriate level in compliance with state and federal guidelines. Management shall
62 periodically review the thresholds with the local independent auditor and make any
63 modifications necessary for the effective reporting of these agreements.