

### **Vallivue School District 139**

A full and complete audit of financial statements of this district will occur on an annual basis. One (1) copy of the auditor's report will be filed with the State Department of Education after its acceptance by this board, but not later than October 15 of each school year.

The district's accounting system and audits will account for all fixed assets which equal or exceed the value of \$5,000, which will allow for the tracking of at least 80% of the assets of the district. The threshold for capitalization of improvements to real property, including buildings, will be \$20,000.

The audit will be performed by independent auditors employed on a written contract and will be conducted in accordance with generally accepted governmental accounting standards as defined by the United States General Accounting Office.

#### **COMPLIANCE WITH GASB 34**

In compliance with GASB 34 (Governmental Accounting Standards Board, Standard 34), the district's annual audit will be developed to make the audit easier to understand and more useful to patrons and others who use the district's financial information to make decisions. The district's audit will be based on a full accrual accounting of all financial activities, and shall include the Management Discussion and Analysis (MD&A) as a part of Required Supplementary Information (RSI), as mandated by GASB 34.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The superintendent or designee will draft the MD&A, an analysis of the district's current overall financial position and operating results, intended to allow others to assess whether the district's finances have improved or deteriorated.

The MD&A shall:

1. Precede the basic financial statement and provide an objective and readable analysis of the district's overall financial activities;
2. Be based solely on facts known to the administration at the date of the auditor's report;
3. Emphasize current-year results in comparison with the prior year;
4. Include charts and graphs, as appropriate, to enhance reader understanding;
5. Report the change in the overall financial condition from the prior year to the current year;

6. Introduce and explain the difference from prior years in the format of the financial material presented;
7. Explain the newly required statement of net assets, and statement of activities, and what they are intended to report. Relative to the district-wide statements, identify all district assets and liabilities using the accrual basis of accounting;
8. Condense financial information derived from the district-wide statements with explanation of significant changes between the current and prior years;
9. Analyze balances and transactions of individual funds;
10. Budgetary comparison schedules or statements; and
11. Describe significant capital assets and long-term debt activities that occurred in the prior year.

The annual budget will reflect all necessary expenses for carrying out the provisions of this policy.

This district will file two (2) copies of each completed audit report with the legislative council within ten (10) days after receiving the audit from the contracting independent auditor.



**LEGAL REFERENCE:**

Idaho Code Sections  
33-701  
67-450B

**ADOPTED: 1/13/09 new as policy**

**AMENDED:**