

Meridian Technical Charter High School

BUSINESS OPERATIONS

Series 800

Policy Title Accounting and Reporting of Fixed Assets Code No. 803.10

Accurate records of the cost of fixed assets will be maintained. The acquisition of fixed assets will be organized to ensure that no unauthorized purchases are made and that records of each purchase are accurate, complete and recorded in the appropriate period.

As used herein, the term "fixed assets" refers to the land, buildings, improvements, machinery, equipment, furnishings and other resources purchased or acquired by the district.

SECTION A - General Responsibility for Fixed Assets

School district personnel at all levels are accountable to the board of trustees for the safeguarding and the proper use of all fixed assets under their jurisdiction and/or control.

SECTION B - Acquisition of Fixed Assets

The purchase or acquisition of all fixed assets will be in accordance with all applicable federal, state, local and school district statutes, regulations and policies.

SECTION C - Disposal of Fixed Assets

The disposal of fixed assets shall be in accordance with all applicable federal, state, local and district Policy No. 803.20 titled *Disposition or Sale of Surplus Property*.

SECTION D - Accounting and Reporting for Fixed Assets

Accounting records for fixed assets will be maintained in such a manner as to provide information to promote sound fiscal management, to assess management accountability, and to assist interested parties with decision making.

The district's accounting system will make it possible to account and report for the fixed assets whose capitalized value equals or exceeds \$5,000 in conformity with generally accepted accounting principles and to determine and demonstrate compliance with legal and contractual provisions.

Annually the district management will conduct a physical inventory of the fixed assets and compare the inventory to the accounting records.

I. FIXED ASSET CAPITALIZATION PROCEDURES

Fixed asset procedures determine which items will be capitalized or expensed and the cost associated with the purchase and installation.

52 GENERAL FIXED ASSETS QUALIFICATION

53

54 All fixed assets will:

- 55 * have a useful life greater than one year;
56 * retain their original form with use;
57 * cost in excess of \$500.

58

59 LAND

60

61 Land will be capitalized and accounted for under the following function-object codes:
62 810-510. Examples of specific costs usually associated with the purchase of land are as
63 follows:

64

- 65 1. full purchase price - including closing costs
66 2. broker fees or commissions
67 3. legal fees
68 4. land surveys
69 5. site preparation
70 6. building demolition - if required

71

72 Land that is donated to the district should be recorded at appraised market value at the
73 time of the donation.

74

75 If a building is present on the land at the time of acquisition, the value of the land should
76 be determined, and only that amount carried in the site account with the building value
77 being carried in the building account.

78

79 LAND IMPROVEMENTS

80

81 Costs incurred after the land acquisition to permanently improve the site will be
82 accounted for in the following function-object codes: 810-520. Examples of specific
83 projects usually considered improvements are as follows:

84

- 85 1. sidewalks and paving
86 2. landscaping
87 3. fences
88 4. retaining walls
89 5. roads
90 6. sewers

91

92 NOTE: Playground equipment should be accounted for as equipment, not site
93 improvements.

94

95 BUILDINGS

96

97 All buildings will be capitalized and accounted for under the following function-object
98 codes: 810-530. The building account usually includes the value of the purchase price
99 or construction cost. Examples of specific costs usually associated with buildings are as
100 follows:

101

- 102 1. purchase price
103 2. construction contracts
104 3. architect fees
105 4. engineering fees

- 106 5. broker fees or commissions
 107 6. building permits
 108 7. remodeling, reconditioning, or altering a building to make it suitable for
 109 the purpose for which it was purchased.
 110

111 All buildings that are donated to the district will be recorded at appraised market value at
 112 the time of the donation.
 113

114 BUILDING IMPROVEMENTS

115
 116 Building improvements include some or all of the costs listed above for buildings, but are
 117 expanded to include modifications or improvements to existing structures. These
 118 improvements can be classified as:
 119

- 120 1. ordinary repairs and replacements
 121 2. extraordinary repairs and replacements
 122 3. betterments
 123

124 Ordinary repairs and replacements are necessary to maintain an asset in good operating
 125 condition. Buildings need to be painted, roofs need to be repaired, and floors need new
 126 carpets. These types of expenses are necessary to keep the asset in normal operating
 127 condition and will be coded to 664-320.
 128

129 Extraordinary repairs and replacements are major repairs and replacements made, not
 130 to keep the asset in its normal operating condition, but to extend its useful life beyond
 131 that originally estimated. Occasionally a building will need to replace its entire roof. This
 132 extends the life of the building; therefore, the cost should be capitalized. These types of
 133 expenses will be coded to 810-540.
 134

135 Betterments may be defined as the replacement of an existing asset or portion of an
 136 asset with an improved or superior asset or portion of an asset. Replacing an old
 137 furnace with a new high tech furnace or replacing the main panel on the clock system
 138 with a computer panel is an example. This type of expenses will be coded to 810-540.
 139

140 EQUIPMENT

141
 142 Equipment can be classified into three groups. The first group consists of all property
 143 with a useful life greater than one year, which retains its original form with use, and the
 total purchase of like items costs in excess of \$5,000. All equipment that falls into this
 group will be accounted for as a
 144 capitalized fixed asset and will be tagged and inventoried on a periodic basis.
 146

147 The second equipment group consists of all property with a useful life greater than one
 148 year, which retains its original form with use and costs in excess of \$500, but less than
 149 \$5,000. These items will be coded as equipment, but will not be capitalized.
 150

151 The third equipment group consists of selected equipment that has a useful life greater
 152 than one year, which retains its form with use but costs less than \$500. The following
 153 items are to be coded as equipment (not supplies) despite a cost less than the \$500
 154 minimum:
 155

156		
157	AV carts book carts	bookcases (free standing)
158	chairs/stools	desks
159	shelving (pre-approved)	student combo units

160	file cabinets	study carrels
161	tables	laminating machines
162	televisions	listening centers
163	maps – wallmounts, roller style	monitors
164	overhead projectors	
165		

166 II. ASSET CATEGORIES AND CLASSIFICATION PROCEDURES

167

168 A standardized group of accounts and classification system will be used to create a
 169 uniform, consistent, and systematic means of compiling data about the fixed assets and
 170 to meet all financial reporting requirements of federal and state statutes.

171

172 All fixed assets will fall under one of the following object categories:

173

- 174 1. Sites (510)
- 175 2. Site Improvements (520)
- 176 3. Buildings (530)
- 177 4. Building Improvements (540)
- 178 5. Equipment (550)
 - 179 a. Capitalized - cost more than \$20,000 (552)
 - 180 b. Expensed - cost more than \$200, but less than \$20,000 (551)
- 181 6. Buses and Vehicles (560)
- 182 7. Work in progress (590)

183

184 The object codes listed above will be combined with one of the following function codes:

185

- 186 1. Elementary (512)
- 187 2. Secondary (515) (517)
- 188 3. Special Education (521) (522) (524) (616)
- 189 4. Media (622)
- 190 5. Attendance-Guidance-Health (611)
- 191 6. Instructional Improvement (621)
- 192 7. Administration
 - 193 a. District (632)
 - 194 b. Building (641)
 - 195 c. Business (651)
- 196 8. Custodial (661)
- 197 9. Maintenance (664)
- 198 10. Transportation (681)
- 199 11. Facility Acquisition (810)

200

201 Site, site improvements, building, building improvements, and work in progress object
 202 codes will only be combined with the construction function.

203

204 Expenditures from the bond fund will be accounted for by using the construction function
 205 only.

206

207 Fixed asset purchases made with federal funds must be accounted for in that fund to meet
 208 all federal regulations.

209

210

211

212 Date of Revision:

Legal Reference: Code of Idaho

213 09/09