

## Rolling Hills Public Charter School

### FINANCIAL MANAGEMENT

7210

#### Fixed Assets and Management Discussion and Analysis (GASB Statement 34)

##### Purpose

The Board of Directors recognizes the need to implement the required accounting and financial reporting standards set out in Governmental Accounting Standards Board Statement 34 (“GASB 34”)

The primary objectives of implementing the GASB 34 are to assure compliance with state requirements, and to properly account for both the financial and economic resources and to provide new and additional information to users of Charter School financial statements.

##### Authority

Participation of and reporting shall be in accordance with Board policy and State of Idaho Fiscal Policies manuals as prepared by the office of the State of Idaho Controller’s Office and GASB 34.

##### Delegation of Responsibility

The responsibility to coordinate the compilation and preparations of all information necessary to implement this policy is delegated to the Principal in cooperation with the Charter School Accountant.

The designated individual 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 the assets, using an averaging convention. 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 for review to the Board of Directors.

The Principal in cooperation with the Charter School’s Accountant shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34, and shall be submitted to the Board for approval, prior to publication.

Prior to submission of the MD&A for Board approval, the independent auditors shall review the MD&A, in accordance with SAS No. 52, “Required Supplementary Information.”

## Guidelines

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. Any assets capitalized should be depreciated using their estimated useful life, not their amortization schedule.

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

{ } \$5,000.

{ } \$\_\_\_\_\_ (specify amount).

The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets.

The assets listed below do not normally individually meet capitalization threshold criteria:

1. Library books;
2. Classroom texts;
3. Computer equipment;
4. Classroom furniture; and
5. Athletic equipment (specify).

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 intermediate unit 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 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The intermediate unit may record and maintain these non-GASB 34 asset inventories in subsidiary ledges.

### Policy History:

Adopted on: 11-9-2016

Revised on: