

**Board Policy BD: Policy Development**

**Status:** REVIEWED

**Original Adopted Date:** 12/12/2006 | **Last Revised Date:** 03/18/2021 | **Last Reviewed Date:** 03/18/2021

**Policy Development**

The Gilmer Board of Education ("Board") seeks to promote a positive educational environment in which there is an awareness of, involvement in, and support for the System and its educational mission. Recognizing that open channels of communication are essential in fulfilling its role as a legislative body, the Board invites parents, students, staff and others, to offer suggestions on policies by submitting in writing suggested additions, changes or deletions-- along with the rationale for same-- to the Superintendent for consideration.

The development of policies by the Board of Education is a continuous process. Policies may be recommended by the Superintendent and individual Board members may initiate consideration of policies. Board members shall adopt and revise the policies by majority vote.

Final vote on any policy revision or adoption will be set at a monthly board meeting following: A first read of policy changes under consideration at a monthly work session and a second read at the next month's work session.

Beginning with the first read and continuing through the second read, the public will be given ample time to make comments and for those comments to be communicated to the Board.

In matters of unusual urgency, the Board may waive the two meeting limitation for policy revisions, by majority vote of the board, if it determines that immediate action is needed to adopt policies or revise existing policies. When such immediate action is necessary, the superintendent shall inform concerned groups or individuals about the reasons for this necessity.

The Superintendent and administrative staff will annually review policies and make recommendations to the Board of Education. Updates and/or changes in the wording of a policy of an editorial nature, such as corrections of grammar, changes of personnel titles, wording clarifications, which do not alter the intent or substance of the original policy may be made by the Superintendent or designee.

The board authorizes the superintendent to develop administrative rules to implement this policy.

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**Board Policy DIB: Financial Reports**

**Status:** REVIEWED

**Original Adopted Date:** 02/10/2004 | **Last Revised Date:** 07/22/2021 | **Last Reviewed Date:** 07/22/2021

**Financial Reports**

The Superintendent shall be responsible for maintaining the books and records of the Gilmer County Charter School System ("System") in auditable form. He/She shall prepare or cause to be prepared all fiscal reports, keep necessary records to control adequately the financial transactions of the school system, and prepare financial statements.

Financial statements will be prepared under the direction of the Superintendent and/or delegate and submitted to the Gilmer County Board of Education ("Board").

The Superintendent and/or designee shall file all fiscal reports with the county, city, state or federal agencies, as required.

**CAPITALIZATION POLICY FOR CAPITAL ASSETS**

Each School Principal/Department Director shall have the responsibility for the maintenance and control of all tangible and intangible property located in his/her assigned school/building or under his/her assigned control.

Tangible personal property is defined within the asset class of Machinery and Equipment, and further defined to include kitchen equipment, computer hardware/software, outdoor equipment, miscellaneous equipment, trucks, vans, tractors, forklifts, etc. Intangible property is defined within the asset class of Intangible Assets, and further defined to include software, easements, water rights, timber rights, mineral rights, patents, trademarks, copyrights, etc. All tangible real property shall be defined as buildings, building additions, building improvements, construction in progress, land and land improvements.

Each School Principal/Department Director shall make report of all assigned capital assets to the superintendent on an annual basis for review.

A capital asset is a piece of property that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of the school system's activities.
3. The asset has a useful life of longer than the current fiscal year.
4. The asset is of significant value.

An intangible asset may be acquired through purchase, license, donation, or internally generated and possesses all of the following characteristics:

1. Lack of physical substance
2. Non-financial nature
3. A useful life of more than one fiscal year.

The following significant values will be used for different classes of assets:

| <b><u>Class of Capital Asset</u></b> | <b><u>Significant Value</u></b> |
|--------------------------------------|---------------------------------|
| Computer Hardware                    | \$10,000 or more                |
| Machinery and Equipment              | \$10,000 or more                |
| Buildings & Building Improvements    | \$10,000 or more                |
| Land Improvements                    | \$10,000 or more                |
| Land                                 | Any amount                      |
| Intangible                           | \$100,000 or more               |

Capital assets may be acquired through donation, purchase or may be self-constructed. The asset value for

donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include all costs of construction.

### **Land**

1. Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.
2. Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.
3. When land is acquired with buildings erected thereon, total cost is allocated between the two in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources of the information may be used such as an expert appraisal or the real estate tax assessment records.
4. Land is not depreciable.

### **Land Improvements**

1. This category will include parking lots, outdoor lighting, covered walkways, fences, tennis courts, running tracks, and grandstands, etc.
2. The Board does not capitalize landscaping.
3. Land Improvements will be depreciated over their estimated useful lives.

### **Buildings**

1. Buildings will be recorded at either their acquisition cost or construction cost. If a building is acquired by purchase, the capitalized cost should include the purchase price and other incidental expenses at the time of acquisition.
2. If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project. For the first year, all the component units of the building, such as HVAC, plumbing system, sprinkler systems, elevators, etc will be included in the capitalized cost of the building.

### **Building Additions**

1. Building additions will be recorded at their construction cost.
2. Building additions will be capitalized separately and depreciated over their useful life.

### **Building Improvements**

#### **A. Component Units (HVAC, plumbing systems, sprinkler systems, elevators, etc.)**

When building component units are replaced, the new component unit will be capitalized separately, and the old component (subsequent to original construction) will be removed from the property report. However, if the original component unit was included in the original construction, it will not be removed since it was not a separately valued component. The new component unit will be depreciated over the remaining useful life of the building.

#### **B. Major Renovations or Alterations**

Any major renovations or alterations within an existing building will be added to the cost of the original building. These renovations/alterations will be depreciated over the remaining life of the building/structure.

### **Construction in Progress**

1. This includes all projects for buildings or land improvements construction that are not completed at the end of

the fiscal year.

### Machinery & Equipment

1. Expenditures for machinery, equipment or furnishings costing \$10,000 or more per item and have an estimated life of more than one year will be capitalized.
2. Library books will not be capitalized.

## Intangible Assets

1. Intangible assets are amortized over the estimated useful life using a method of amortization preferably consistent with the amortization of other capital assets.
2. The useful life should not exceed the period that its service capacity is limited by contractual or legal provisions.
3. Intangible assets will generally be amortized using the following schedule unless a different useful life is determined.

| Item           | Capitalization Threshold | Useful Life |
|----------------|--------------------------|-------------|
| Software       | 100,000                  | 15          |
| Easements      | 100,000                  | 20          |
| Water Rights   | 100,000                  | 20          |
| Timber Rights  | 100,000                  | 20          |
| Mineral Rights | 100,000                  | 20          |
| Patents        | 100,000                  | 20          |
| Trademarks     | 100,000                  | 20          |
| Copyrights     | 100,000                  | 20          |

## DEPRECIATION POLICY

The "straight line" method of depreciation should be utilized to depreciate capital assets, except for land, over the estimated useful lives of the related assets principally as follows:

|  |                                      |
|--|--------------------------------------|
| Computer Applications                              | 3-5 years                            |
| Buildings  |                                      |
| Mobile Classrooms                                  | 10 to 20 years                       |
| Permanent Buildings                                | 20 to 80 years                       |
| Building Additions                                 | Remaining Useful Life up to 80 years |
| Building Improvements                              | Remaining Useful Life up to 80 years |
| Machinery & Equipment                              |                                      |
| Vehicles (trucks, vans, tractors, forklifts, etc.) | 4 to 10 years                        |
| Kitchen Equipment                                  | 10 years                             |
| Computer Hardware (\$10,000)                       | 5 years                              |
| Outdoor Equipment                                  | 20 years                             |
| Miscellaneous Equipment                            | 5 to 50 years                        |
| Buses  | 8 to 14 years                        |

Land Improvements 15 to 80 years

Depreciation will be calculated utilizing the "Half-Year convention." Under this convention, an asset is treated as though it were placed in service or disposed of the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

#### **DISPOSITION OF ASSETS**

When capital assets are sold or otherwise disposed of, the property report should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed on an annual basis in conjunction of the annual update. The appropriate depreciation will be taken the year of disposal.

#### **PHYSICAL INVENTORY**

A physical inventory of capital assets shall be conducted once every two years.

#### **INTANGIBLE RIGHT-TO-USE-ASSETS GASB 87 and GASB 96**

Leases and Subscription-Based Information Technology Arrangements (SBITA), are included as intangible right-to-use assets and obligations on the Statement of Net Position. An intangible right-to-use asset represents the School District's right to use an underlying asset or intangible for the contract term. Obligations represent the School District's liability to make payments arising from the contract. Intangible assets and obligations are recognized based on the present value of payments over the contract term, where the initial term exceeds 12 months. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the term or useful life of the underlying asset.

| Class of Right-To-Use Asset       | Capitalization Policy |
|-----------------------------------|-----------------------|
| Land                              | Any Amount            |
| Land Improvements                 | \$ 10,000.00          |
| Buildings & Building Improvements | \$ 10,000.00          |
| Building Improvements             | \$ 10,000.00          |
| Machinery & Equipment             | \$ 10,000.00          |
| Computer Hardware                 | \$ 10,000.00          |
| Intangible                        | \$ 100,000.00         |

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