

Financial reports and statements shall be maintained by the Executive Director in accordance with regulations prescribed by the State Board of Education. As prescribed by these regulations, separate accounting on the various classifications of items provided for in the budget shall be maintained.

The Executive Director shall present monthly financial statements which show the receipt of funds, the source of funds, disbursements, and such other information as required by the RESA Board of Control and/or the Georgia Department of Education.

For financial reporting purposes only, the Okefenokee RESA Board of Control has established the capitalization limit of fixed assets at five thousand dollars (\$5,000.00).

CAPITAL ASSETS POLICY

A record and inventory shall be maintained on all tangible and intangible (software) fixed assets which have a historical cost of \$5,000 or more and a normal expected life of one year or more.

Each director/coordinator shall have the responsibility for the maintenance and control of all tangible personal property located in their school/building. Tangible personal property is defined within the asset class of Machinery and Equipment, and further defined to include computer hardware, outdoor equipment, miscellaneous equipment, truck, vans, forklifts, etc.

The Executive Director shall have the responsibility for maintenance and control of all other tangible and intangible (software) property, both real and personal owned by Okefenokee RESA. All other tangible/intangible personal property shall be defined as Machinery and equipment, and shall include such items as computer hardware, outdoor equipment, miscellaneous equipment, trucks, vans, forklifts, etc. not located within the confines of a school building.

All tangible real property shall be defined as building, building additions, building improvements, construction in progress, land and land improvements.

A fixed asset is a piece of property that meets all 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.

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

<u>Classed of Fixed Asset</u>	<u>Significant Value</u>
Computer Applications & Network Infrastructure	\$10,000 or more
Machinery & Equipment	\$ 5,000 or more
Buildings & Building Improvements	\$50,000 or more
Land Improvements	\$25,000 or more

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Fixed 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

Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.

Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.

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 as an expert appraisal or the real estate tax assessment records.

Land is not depreciable.

LAND IMPROVEMENTS

This category will include parking lots, outdoor lighting, covered walkways, fences, etc. The RESA does not capitalize landscaping. Land improvements will be depreciated over their estimated useful lives.

BUILDINGS

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. 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, etc. will be included in the capitalized cost of the building.

- A. 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.

- B. Maintenance improvement projects including but not limited to HVAC, plumbing, electrical repairs, repainting, etc will not be capitalized as long as the maintenance does not add more than \$100,000 to the value of the building and/or 10 years life expectancy. Maintenance-type exterior renovation, such as repainting, replacement of deteriorated siding, roofing, masonry sections, etc will not be capitalized as it does not add value to the

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building.

CONSTRUCTION IN PROGRESS

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

MACHINERY AND EQUIPMENT

Expenditures for machinery, furnishings, or equipment including computers costing \$5,000 or more per item and have an estimated life of more than one year will be capitalized. Library book will not be capitalized.

COMPUTER APPLICATIONS AND NETWORK INFRASTRUCTURE

Expenditures for software applications and/or network infrastructure costing \$10,000 or more collectively for combined modules which are essential to the operation of the day to day activities of the RESA will be capitalized.

DEPRECIATION POLICY

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

	ASSET TYPE	USEFUL LIFE
L	Land	N/A
B	Buildings Mobiles	40 years 10 years
I	Improvements Other Than Buildings Remaining useful life	(up to 40 years)
C	Computers and Computer Equipment	5 years
E	Equipment	5 – 10 years
N	Network Infrastructure	10 years
V	Vehicles	10 years

Depreciation will be calculated utilizing the “Half-Year” convention. Under the convention, as 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.

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DISPOSITION OF ASSETS

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

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

Note: *The State of Georgia has moved the Georgia Code. This new environment no longer allows us to link directly to the Georgia Code. For example enter 20-02-0211 in the search window and the Georgia Code will appear.*

Georgia Code	Description
O.C.G.A. § 20-02-0160	Determination of enrollment; determination of funding
O.C.G.A. § 20-02-0162	Annual recalculation of funding; mid-term adjustment
O.C.G.A. § 20-02-0167	Funding for direct instructional, media center and staff development costs; submission of budget
O.C.G.A. § 20-02-0720	Inspection of student's records by parents
O.C.G.A. § 20-02-0962	Quarterly reports by principals; audits by boards
Rule 160-5-2-.21	Annual Financial and Budget Reports

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