

Book	Policy Manual
Section	Policies for Board 34-1
Title	SYSTEM OF ACCOUNTING
Code	po6800
Status	
Adopted	January 24, 2000
Last Revised	July 8, 2002

#### 6800 - **SYSTEM OF ACCOUNTING**

It is the policy of the Board of Education that a chart of accounts be established in accordance with the requirements of the State Department of Education for the accounting of all District funds. The Superintendent is responsible for an accounting of all capital assets to protect the financial investment of the District against catastrophic loss. Further, the Superintendent will establish procedures and regulations necessary to properly account for capital assets and comply with generally accepted accounting principles and ensure that the District's capital assets are properly insured.

#### **GASB 84**

The District's system of accounting shall comply with all applicable requirements of the Governmental Accounting Standards Board, Statement No. 84 (GASB 84). In accordance with GASB 84, the District will report applicable fiduciary activities as identified in either the private purpose trust fund or the custodial fund. Typically, these activities include recognized student and school-related activity funds held in a bank account maintained by the District. These funds shall be subject to the accounting and requirements specified in the Michigan Public Schools Accounting Manual. An activity not identified as a fiduciary activity under GASB 84 will be deemed a governmental activity and will be reported in a governmental fund.

#### **GASB 54**

The Chief Business Official shall be responsible for the proper accounting of all District funds. S/He shall ensure that expenditures are budgeted under and charged against those accounts which most accurately describe the purpose for which such monies are to be or have been spent. Wherever appropriate and practicable, salaries of individual employees, expenditures for single pieces of equipment, and the like shall be prorated under the several accounts which most accurately describe the purposes for which such monies are to be or have been spent.

The Superintendent or designee is responsible to implement procedures and practices that will determine: 1) Capitalization policies for District assets (i.e., which assets will be capitalized and depreciated over their estimated useful life versus which assets will be expensed in year of purchase); 2) Methods for calculating annual and accumulated depreciation expense for assets including estimates for asset lives, residual asset values, and depreciation methodology; 3) Procedures for recording gain or loss on sale of capital assets and proceeds from the sale of capital assets in compliance with GAAP Reporting of estimated cash values or replacement values to District insurance providers.

A report of the revenues and expenditures in the General Fund shall be made to the Board on a monthly basis by the Chief Business Official.

The Board's annual financial statements will include information such as: 1) beginning and ending balances of capital assets; 2) beginning and ending balances of accumulated depreciation, 3) total depreciation expense for the fiscal year.

Such reporting shall include description of significant capital asset activity during the fiscal year including: acquisitions through purchase or donation, sales or dispositions including the proceeds and gains or losses on the sale, changes in methods of calculating depreciation expense or accumulated depreciation, such as, estimates of useful life, residual values, depreciation methodology (e.g. straight line or other method).

Before implementing procedures or changing procedures, the Superintendent will review the proposed procedure with the CPA appointed by the Board of Education to conduct the Board's financial audit. The procedures established shall comply with all statutorily required standards and generally accepted accounting procedures.

### Neola 2019

Legal                      M.C.L.A. 41.422 et seq., 141.421 et seq.  
                                  A.C. Rule R340.351 et seq.