

Book	Policy Manual
Section	Pending Policy Committee Review
Title	SYSTEM OF ACCOUNTING
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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 (GAAP) 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 District's system of accounting shall comply with all requirements of the Governmental Accounting Standards Board, Statement No. 54 (GASB 54). In accordance with GASB 54, the District will report its fund balances in the following categories:

- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory, **prepaids and non-current receivables**) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance*—amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- *Assigned fund balance*—amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- **In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. The Board of Education authorizes the Superintendent or designee to determine the assigned fund balance(s) on an annual basis for the year-end financial reporting. These can include, but are not limited to, the following:**
 1. **Long term obligations including, but not limited to, employee compensated absences, self insurance;**
 2. **Cash Flow requirements for the next fiscal year to limit borrowing needs;**
 3. **Building and department carry over budgets;**

4. Budgeted use of fund balance for next fiscal year;

5. Other items allowable under Generally Accepted Accounting Principles.

- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

The Superintendent or designee shall be responsible for the proper accounting of all District funds.

For purposes of fund balance classification, expenditures are to be presented from Restricted Fund Balance first (when appropriate), followed in order by Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

The Board of Education delegates to the Superintendent or his/her designee, the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

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 periodic basis.

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M.C.L. 41.422 et seq., 141.421 et seq.

A.C. Rule R340.351 et seq.

GASB #34