

The Midlands STEM Charter School
Fixed Assets Policy and Procedures

OFFICE OF RESPONSIBILITY: Finance

EFFECTIVE DATE: 07/01/2026

POLICY:

To establish a basic structure for the accurate inventory of property in the Midlands STEM Charter School, the Midlands STEM Charter School have established the following policy and procedure. The School Leader, with joint agreement, are empowered to make non-material modifications to Midlands STEM Charter School policies without additional approval of the Board of Directors.

The Midlands STEM Charter School is responsible for setting up a system to maintain an accurate inventory of materials, equipment, and real estate in the Midlands STEM Charter School in accordance with accounting standards and all state and federal laws governing such.

The Midlands STEM Charter School have developed a property management tracking system for items according to certain dollar limits and for the security of inventory.

PROCEDURES:

General Information

For purposes of the Midlands STEM Charter School, a fixed asset is defined as a building, property or equipment acquired by the Midlands STEM Charter School (whether purchased, donated, or traded) that is actively used in the operations, must have significant value, and provides benefit for a period exceeding one year. Fixed assets are reported and, with certain exceptions, depreciated in the financial statements.

Items purchased at a cost up to the federal capitalization rate (currently \$5,000) will be considered as supplies and expensed in the 400 series object code. However, single items costing \$1000 or more and having a life of at least one year or technology equipment and software, such as laptops, desktops, LCD projectors, IPADs, computers, etc., even though expensed as supplies, will be included in the Midlands STEM Charter School inventory tracking system, but are not considered fixed assets and will not be capitalized or depreciated.

Items purchased with federal funds with a lifespan of more than one year over \$2,500 (\$500 for CTE Perkins and CTE EIA Funding) and any technology items regardless of cost purchased with federal funds will be indicated on an inventory document separated by federal award. Technology items will be depreciated in accordance with 2 CFR 200.453(a) and 2 CFR 200.313(e)(2).

Fixed Asset Classifications

The Fixed Assets will be divided into the following classifications: Land, Land Improvements, Buildings, Building Improvements, Machinery and Equipment, Licensed Vehicles, Textbooks and Library Books, Mobile Classrooms, Construction in Progress and Works of Art and Historical Treasures.

For single items purchased with federal funds with a cost of \$2,500 or more (\$500 for CTE Perkins or CTE EIA funding) or technology of any cost, these items will be included as part of the Midlands STEM Charter School inventory for that federal award as well as included on the Midlands STEM Charter School Fixed Asset listing and reconciled annually.

LAND

The land account includes all land purchased or otherwise acquired. It should be capitalized but not depreciated. Purchased land should be carried on the records at historical cost and should remain at that cost until disposal. Donated land should be recorded at its appraised value at the time of the donation. If land and a building are acquired as a single parcel, the value of the land should be determined separately from the building and only that amount carried in the land account; the value of the building should be recorded in

the building account. Costs relating to the demolition of a structure on newly purchased land and other costs relating to the land are normally capitalized and included in the land account. A gain or loss on the sale of land is reported as a special item in the statement of activities.

LAND IMPROVEMENTS

Land improvements include permanent improvements that add value to land. It would include such items as site improvements (e.g. excavation, fencing, and retaining walls) and some infrastructures (e.g. driveways, roads, sidewalks, bridges, parking lots, and outdoor lighting). If items categorized as infrastructure are purchased during the construction of a new building, they will be included in the cost of the building. Items not included in land improvements are landscaping, demolition, and land acquisition. These would be included in the land account. Other items not included in land improvements are picnic tables and stadium bleachers. These are included in machinery and equipment

BUILDINGS

The buildings account normally includes the value of all buildings at their acquisition costs or construction costs. The cost should include all charges applicable to the building, including broker fees, architect's fees, permits, and interest on borrowed money during construction. For a donated building, appraised fair market value at the date of donation should be used. In addition, buildings include components (e.g. roof, air

conditioning system) that should be recorded separately when they have significant values because these building components have different useful lives. The value of each component should be determined and placed within its own category. A building will be added to fixed assets inventory after all costs have been calculated and final payment has been made to the contractors.

BUILDING IMPROVEMENTS

Improvements that extend the useful life of the building should be classified as building improvements and should be capitalized. They are recorded at either acquisition cost or appraised fair market value in cases of donated assets. Examples of building improvements include roofing projects, remodeling, additions to buildings and replacing major building components. Major maintenance projects should be evaluated periodically to determine if they should be included in this account.

MACHINERY AND EQUIPMENT

Machinery and equipment include a wide range of assets. A few examples are as follows: furniture, computer equipment, office machinery, athletic equipment, uniforms, etc. The property should be recorded at acquisition cost, including freight, installation and other charges incurred to place the asset into use. If acquired through donation, fair market value should be determined and assigned to the asset. The assets' materiality and significance should be considered when determining how it is reported.

LICENSED VEHICLES

Licensed vehicles include aircraft, watercraft and other motorized forms of transportation (e.g. buses, vans, cars, trucks, etc.). All licensed vehicles should be recorded at acquisition cost or fair market value if donated.

TEXTBOOKS AND LIBRARY BOOKS

Textbooks and library books will not be classified as fixed assets due to the capitalization policy.

MOBILE CLASSROOMS

Mobile classrooms are temporary structures added to the building site. They are of significant value and should be recorded as a fixed asset and depreciated over their useful lives.

CONSTRUCTION IN PROGRESS

The account should be used when reporting amounts expended on an uncompleted building or other capital construction project. Construction in progress should not be depreciated. Three subclasses, such as building, improvements and equipment, might be used. When the project is complete, the cumulative costs are transferred to another appropriate fixed asset account. Unspent debt proceeds from capital assets related debt should be reported in the net assets section of the statement of net assets as "restricted for capital projects."

WORKS OF ART AND HISTORICAL TREASURES

Works of art and historical treasures should be recorded at historical costs or, if donated, fair market value. Depreciation is not required for collections or works of art that are inexhaustible. An example of a work of art might be an original painting.

Capitalization Policy

Capitalization is an accounting method used to delay the recognition of expenses by recording the expense as long-term assets. The capitalization of assets acquired by the Midlands STEM Charter School and its charter schools shall equal the Federal capitalization rate (currently \$5,000). All additions to fixed assets with an individual value greater than or equal to the capitalization rate will be capitalized and depreciated, if applicable. An exception to this is as follows and will be capitalized when applicable to a single location:

- groups/classes of assets where individual asset items are less than the capitalization limit, but when all assets of that group (that function as one asset) are added together the dollar amount far exceeds the capitalization limit (eg. security systems, public address systems, etc.).

Items purchased at a cost up to the federal capitalization rate will be considered as supplies and expensed in the 400 series object code. However, single items costing \$1,000 or more and having a life expectancy of at least one year or technology equipment and software, such as laptops, desktops, LCD projectors, IPADs, computers, etc., even though expensed as supplies, will be included in the Midlands STEM Charter School inventory tracking system, but are not considered fixed assets and will not be capitalized or depreciated.

Regular non-technology equipment costing less than \$5,000 per unit should be recorded under the 400 series object code.

Regular non-technology equipment costing \$5,000 or more per unit should be recorded under object code 540.

Any technology equipment costing less than \$5,000 per unit including shipping, handling, tax, etc. should be recorded under object code 445.

Any technology equipment costing \$5,000 or more per unit including shipping, handling, tax, etc. should be recorded under object code 545.

Depreciation

All fixed assets, with the exception of land, will be depreciated. Depreciation is the process of allocating the cost of tangible property over a period of time, rather than deducting the cost as an expense in the year of acquisition. The decline in the value of fixed assets must be considered if the Midlands STEM Charter School net assets are to be correctly stated. It shall be the policy of the Midlands STEM Charter School to depreciate fixed assets in excess of the federal capitalization rate (currently \$5,000) over their useful lives. Factors which must be known in order to calculate depreciation: the date the asset was placed in service, the asset's cost or acquisition value, estimated useful life, and the depreciation method.

The following exhibit summarizes tracking, inventory, capitalization and depreciation.

	Tracking and Inventory	Capitalize and Depreciate
Land		Capitalize only
Land Improvements	\$1,000	\$5,000
Building		\$5,000

Building Improvements		\$5,000
Machinery and Equipment	\$1,000 or technology equipment and software described under “Capitalization Policy.”	\$5,000
Vehicles	Any	\$5,000

Date Placed into Service

When acquiring a new asset, the date placed into service will be easily determined. When adding an asset to the Midlands STEM Charter School records which was already placed into service but omitted from the Fixed Assets Inventory, this date may not be readily available. Inquiring to the appropriate department to assign an estimated date will be sufficient.

Cost or Acquisition Value

Fixed assets should be reported at historical cost and should include the cost of freight, site preparation, architect and engineering fees, etc. If something other than cash is used to pay for the asset, then the fair market value of the non-cash payment or consideration determines the asset’s cost or acquisition value. If the asset is of significant value (e.g. land or building), an appraisal will be needed to determine its value. In situations where assets are identified that have been omitted from the Fixed Assets Inventory, the historical cost may be researched. If there is no information available on the original cost of the asset, the amount will then be estimated based on the values of similar assets.

Estimated Useful Life

The estimated useful life of an asset is the number of months or years that an asset will be able to be used for the purpose for which it was intended. Appendix B provides the useful lives of the Midlands STEM Charter School assets by Equipment Categories.

Depreciation Method

The straight-line method of depreciation will be used to calculate depreciation on the Midlands STEM Charter School fixed assets. The annual depreciation will be calculated by dividing by the estimated useful life. Under this method, the asset is written off evenly over its useful life (i.e. the depreciation is the same every year). The total amount depreciated can never exceed the asset’s historic cost. An asset placed in service at any time during a given month is treated as if it had been placed in service on the first day of that month (depreciation taken for the entire month in which the asset is placed in service). If disposed of before the end of the month, no depreciation is taken for the month of disposition.

Fixed Assets Inventory Procedures

It is the ultimate responsibility of the School Leader to maintain the accuracy of the fixed assets inventory for the school. All stolen items must be reported to the appropriate police agency, and a copy of the police report must be sent to the Institute’s Assistant Director of Finance. Donated or purchased used equipment meeting the definition of a capital asset or inventory item must be operational. All fixed assets and items identified in physical inventories that are donated and/or purchased through grants or donations given in the school’s name must be reported to the School Leader within 10 days of donation or acquisition.

The School Leader or their designee should complete a physical inventory (Appendix C) at the beginning and end of each school year. A copy of these inventories will be due to the Institute’s Assistant Director of Finance no later than September 30 and June 30, respectively. This inventory does not include items captured during our contracted fixed asset visit. Such items not included would be printers, computers, iPads, tablets, laptops, digital cameras, LCD projectors, or any asset that received a barcode label. Reviewing inventory is a vital part of the fixed asset system. Without proper maintenance and monitoring of the Fixed Asset Inventory Tracking System, the accuracy of the fixed assets and inventory will deteriorate

quickly requiring inventory to be re-created.

Disposals, Transfers, And Stolen Assets

Disposals and transfers of unserviceable equipment and fixed assets should only occur after proper authorization by the School Leader. This procedure is to maintain the accuracy of the records, ensure the assets are properly safeguarded and to obtain the best possible terms upon disposal. In many cases, parts from an asset to be disposed of may be salvaged and used with an existing asset or saved for future utilization. Any computer tape, disk (hard drive, CD or floppy), tablets, laptops, servers or other storage medium used to store the school's and students' data must be totally erased or rendered unreadable before it is disposed of. This is the sole responsibility of the school leader and not the Charter Institute at Erskine's Department of PowerSchool and Technology. ***No asset should be disposed of or transferred without proper authorization by the principal/director of the school (s).***

Surplus supplies, property purchased with ***state and/or federal funding, and donated items*** shall be disposed of through competitive sealed bids and public auction. The Charter Institute at Erskine requires that all schools dispose of fixed assets through South Carolina's State Surplus Property Management Office. If the State Surplus Property Management Office screens the item(s) and finds that the assets are not salvage items, then it is required of the school to auction off the items on www.govdeals.com. In the event some types and classes of items can be sold or disposed of more readily and advantageously by other means, the Institute may employ such other means including, but not limited to, barter or appraisal. Please see Appendix A.

The School Leader is required to complete the Fixed Assets Disposals form (Appendix F) and return it to the Institute's Director of Finance at the time of disposal. In the case that assets are misplaced or stolen from the school property, it is the School Leader's responsibility to provide written justification to the Charter Institute at Erskine's Director of Finance for removal of the inventory out of the Institute's Masterfile. If item(s) are reported stolen, local authorities should be contacted immediately and a police report should be filed with a copy being attached to the Fixed Assets Disposals form (Appendix F).

If a school leader decides to transfer item(s) to another school for further use, please contact the Institute's Director of Finance with the item information. The Director of Finance will send out a mass email to all school leaders with the item information, location, and who should be contacted if interested. At that time, the school leaders should then work with one another to create arrangements. The school that is transferring the assets should remove the item(s) from their inventory records and the school that will be receiving the items should then add the item(s) to their inventory records. If the asset falls within the \$1000 threshold and/or technology items(s), then during the contracted fixed asset visit the asset will be automatically transferred within the Institute's Masterfile.

Technology Procedures **General Information**

The Midlands STEM Charter School may issue business equipment to an employee for work-related communication based on the job duties of the employee and the needs of the Institute. Employees in possession of Institute-owned devices are expected to protect the equipment from loss, damage, or theft. Upon resignation or termination of employment, or at any time upon request, the employee may be asked to produce the devices for return or inspection.

Purchase of Technology Devices

All technology purchases must be made in alignment with the Midlands STEM Charter School Accounts Payable Policy, Procurement Policy, and Credit Card Policy. When purchasing devices, the Midlands STEM Charter School must take into consideration the cost of the device and ensure that the purchase is to the advantage of the Institute. The Institute must review and accept all promotional and saving deals into consideration prior to authorizing purchases. All purchases must be approved by the the School Leader prior to purchase.

Purchase of Cellular Device

The Midlands STEM Charter School may only purchase cellular devices from the Midlands STEM Charter School wireless service provider. When purchasing devices, the Midlands STEM Charter School must take into consideration the cost of the device and ensure that the purchase is to the advantage of the Institute. The Midlands STEM Charter School must review and accept all promotional and saving deals into consideration prior to authorizing purchases. All purchases must be approved by the School Leader in alignment with the Procurement Policy and Accounts Payable Policy.

Cellular Device Upgrades

The Midlands STEM Charter School may annually upgrade all cellular devices. The Midlands STEM Charter School must review and accept all promotional and saving deals into consideration when making upgrades. All upgrades must be approved by the School Leader in alignment with the Procurement Policy and Accounts Payable Policy.

Cellular Device Protections

The Midlands STEM Charter School will provide a screen protector and a phone case for all devices.

Depreciation

All purchased cellular devices will have an 18 months depreciation timeline. The depreciation value is determined by 5.6% of the original purchase cost each month.

Laptop, tablets, and computers and will have a life expectancy of 3 years. Life Expectancy for other technology will be determined at the time of purchase.

Device	Life Expectancy in Years	Annual Depreciation	Cost	Value after 1 year	Value after 2 years	Value after 3 years	Value After Year 4	Value after Year 5
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Laptop	3	50%	\$1250	\$ 625 (Cost - 50%)	\$312.50 (Year 1 Value – 50%)	\$ 0 due to Lift Expectancy	\$ 0 due to Lift Expectancy	\$ 0 due to Lift Expectancy
TV	5	20%	\$600	\$480 (Cost – 20%)	\$384 (Value 1 – 20%)	\$307.2 (Value 2 – 20%)	\$245.76 (Value 3- 20%)	\$196.61 (Value 4 – 20%)
Printer	5	20%	\$150	\$120	\$96	\$76.80	\$61.44	\$49.15
Smart board	7	20%	\$5000	\$4000	\$3200	\$2560	\$2048	\$1638.40

A sample monthly depreciation value for laptops would be as follows:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Value	100 %	96%	92%	88%	84%	80%	76%	72%	68%	64%	60%	56%

Month	13	14	15	16	17	18	19	20	21	22	23	24
Value	50%	48%	46%	44%	42%	40%	38%	36%	34%	32%	30%	28%

Month	25	26	27	28	29	30	31	32	33	34	35	36
Value	25%	23%	21%	19%	17%	15%	13%	11%	9%	7%	5%	3%

Asset Revaluation

The Midlands STEM Charter School may decide to reevaluate the depreciation of any device annually. Revaluation of depreciation is mostly used for the calculation of depreciation of events such as accidental damage, software incompatibility, hardware malfunction or otherwise. If at the end of the fiscal year there is a decline in the price of an asset (e.g. the carrying amount of the asset is higher than its recoverable amount), this is accounted for as a 'revaluation loss' and the value of the asset is decreased by that amount to depict the true value of that asset. Any loss due to asset revaluation should be noted in the asset tracking inventory. Individual items with remaining depreciation value greater than \$2,500 should be revaluated by a third party before disposal.

Repair and Replacement

The Midlands STEM Charter School will replace assets that are broken or lost due to employee actions based on the circumstances of the incident. Employees must report broken or lost equipment to the IT Team within 48 hours of the incident. A detailed description of how the equipment was damaged must be provided. The IT team will assess the damage and determine the cause. The assessment will include whether the damage was accidental, due to negligence, or intentional. If repeated issues of broken or lost items, the portion or full cost of the equipment should be the employee's responsibility. Depending on the role and responsibilities of the employee, the urgency of replacement will be determined. If applicable, the cost recovery for negligent or intentional damage will be deducted from the employee's paycheck in installments, not exceeding 10% of their monthly salary until the full amount is recovered. Employees who disagree with the assessment may file an appeal with the HR department within five business days of receiving the assessment result. The HR department will review the case and make a final decision within ten business days.

Disposal

The Midlands STEM Charter School will offer the device first to the employee and /or fellow staff members once the device's value is depreciated in full. Devices that are no longer in use and are not fully depreciated may be purchased for the current depreciated value by a member of the Midlands STEM Charter School staff, with leadership approval. Any remaining devices can be donated to a qualified 501(c)3 organization if eligible. Asset disposal requires formal tracking and should be authorized by the following (and/or their designees): PowerSchool and IT, the Financial Officer, and the Chief Operating Officer (depending on which funds procured the equipment).

Approved 09/28/26