

ACCOUNTING SYSTEM FOR FIXED ASSETS

The Board of Education shall maintain a fixed asset accounting system. The fixed asset accounting system shall maintain sufficient information to permit the following:

- A. The preparation of year-end financial statements in accordance with Generally-Accepted Accounting Principles (GAAP);
- B. Adequate insurance coverage; and
- C. Control and accountability of all fixed assets of the school district.

Criteria for Fixed Asset Capitalization

Fixed assets are defined as those tangible assets of the District with a useful life in excess of five (5) years and an initial cost equal to or greater than \$1,000.00. Fixed assets shall be tagged and recorded on the fixed asset system. Some items may be identified as "controlled assets" that, although they do not meet all fixed asset criteria, are to be recorded on the fixed asset system because of their sensitive, portable, and/or theft-prone nature. Textbooks, library books and computer software will be expensed in the period the obligation is made and will not be recorded in the fixed asset system.

For financial statement reporting purposes, fixed assets with a value of \$5,000 or more shall be capitalized and reported on the financial statements of the District. Fixed assets with a value of less than \$5,000 will be expensed in the period the obligation is made.

Classifications

Fixed assets shall be classified as follows:

- A. Land;
- B. Land Improvements;
- C. Buildings and Improvements;
- D. Machinery and Equipment;
- E. Furniture and Fixtures;
- F. Vehicles; and
- G. Construction in Progress

Leased fixed assets and assets which are jointly owned shall be identified and recorded on the fixed asset system.

Valuation

Fixed assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Treasurer. If the asset was donated, the fair market value at the time donated should be reported. The value of all fixed assets shall include all expenditures needed to acquire and place the asset in service.

Depreciation shall be recorded for funded fixed assets using the straight line method. Effective with the implementation of GASB 34, depreciation is required for all assets except land and construction in progress.

Fixed Asset Manager

The Superintendent is appointed Fixed Asset Manager and is responsible for preparing any necessary operating standards for the purpose of District compliance with all aspects of this policy. The Treasurer shall record all transactions relating to fixed assets and enter all required information of the asset on the accounting records of the District. The following information shall be maintained for all fixed assets:

- A. Description;
- B. Asset classification (land, building, equipment, etc.);
- C. Location;
- D. Purchase price;
- E. Vendor;
- F. Date purchased;
- G. Voucher number;
- H. Estimated useful life;
- I. Accumulated depreciation;
- J. Method of acquisition (purchase, trade-in, lease, donated, etc.); and
- K. Manner of asset disposal

Annual Inventory

Each year, the Treasurer's Office will send an inventory report by room to Building Principals or the appropriate Administrator/Supervisor. These reports shall be reviewed by the individual assigned to each room, updated if necessary and returned to the Treasurer. The reports shall be reviewed by the Treasurer, changes shall be verified if necessary and the fixed asset system shall be updated appropriately.

Additions

All purchases, donations and improvements that meet the fixed asset definition shall be recorded in the fixed asset system. Each week, as purchases are processed, the Treasurer shall review voucher packages to determine if there were any fixed assets purchased. The Treasurer shall make copies of the identified fixed asset voucher packages, code purchases for entry into the fixed asset system and assign inventory tags to assets as applicable. Inventory tags shall be distributed to the appropriate building personnel.

Transfer of Fixed Assets

The transfer of fixed assets between buildings is to be initiated by the building principals affected. However, no fixed asset shall be physically moved without the approval of the Fixed Asset Manager. An Equipment Transfer Form shall be completed and approved by the Fixed Asset Manager. Such approved form shall be forwarded to the Treasurer for use as entry into the fixed asset system.

Disposal of Fixed Assets

The Superintendent or designee, building principals, or department heads may initiate requests for the disposal of fixed assets. The Superintendent shall determine the manner in which the fixed asset will be disposed of within the parameters of state law. An Authorization For Disposal Of Equipment form shall be completed and approved by the fixed asset manager. Such approved form shall be forwarded to the Treasurer for use as entry into the fixed asset system.

Capital Improvements

Improvements to land and buildings will only be capitalized if the cost exceeds \$5,000 and the improvement extends the useful life of the asset. Any expense incurred below this criteria will be expensed in the period the obligation is made.

Construction in Progress

Before a project is to be undertaken, the Treasurer's Office should be notified of the scope of the project. All information/work sheets regularly required from the building Principals or the appropriate Administrator/Supervisor for asset additions will also be required for "construction in progress" projects. The Treasurer's Office will keep a running total of expenditures per project. When the project is complete, the Treasurer's Office should be notified and at that time the asset will be recorded in the fixed asset accounting system to the appropriate class as an asset addition (i.e. buildings, equipment, etc.).

Repairs & Maintenance Agreements

Repairs and Maintenance agreements are considered an immediate expense and as such will be expensed in the period the obligation is made. They will not be maintained on the fixed asset system.

Leased Assets

All lease agreements shall be filed with the Treasurer's Office. All assets acquired under a capital lease agreement, which meet the fixed asset capitalization criterion, will be recorded on the fixed asset accounting system.

Useful Lives

Useful lives of fixed assets relate to the life expectancy as used by the specific governmental unit. The following general categories of useful lives will be followed:

<u>ASSET</u>	<u>ESTIMATED LIFE</u>
BUILDINGS, BUILDING COMPONENTS AND BUILDING SERVICES	
Permanent Structures	30-40 Years
Excavation	30-40 Years
Floor Covering	15 Years
Roof Cover	15 Years
Plumbing	20 Years
HVAC	20 Years
Electrical	20 Years
Fire System	20 Years
Elevators	20 Years
Communications Equipment (Telephones, Cabling, Radios, etc.)	10 Years
LAND IMPROVEMENTS	
Athletic Fields	20 Years
Bleachers	30 Years
Fences	30 Years
Landscaping	10 Years
Outdoor Lighting	30 Years
Retaining Walls	30 Years
Concrete Walks, Driveways, Parking Lots	30 Years
Asphalt Walks, Driveways, Parking Lots	20 Years
Gravel Walks, Driveways, Parking Lots	10 Years

FURNITURE, FIXTURES AND EQUIPMENT

Athletic Equipment	10 Years
Audio Visual	7 Years
Band Equipment	20 Years
Computer Equipment	6 Years
Food Service – Appliances/Equipment	10-20 Years
Furniture & Fixtures	10-20 Years
Lab Equipment	10-20 Years
Machinery & Tools	10-20 Years
Mowers, Tractors & Yard Machinery	10-20 Years
Office Machines, Typewriters, Copiers, Other Equipment	6 Years
Playground Equipment	10 Years
Signs	10 Years
Transformers & Meters	5 Years

VEHICLES

Automobiles	3 Years
Trucks & Vans	5 Years
School Buses	10 Years

FRANKLIN LOCAL SCHOOL DISTRICT
AUTHORIZATION FOR DISPOSAL OF EQUIPMENT

1. Building/Department: _____

2. Asset(s) to be disposed of:

Item #	Description	Condition
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

3. Reason for Disposal: _____

4. If traded in on new Asset:
Amount offered for trade in: _____
Purchase Order Number of new asset: _____
Description of new asset: _____

5. If out-right sale:
Amount offered for equipment: _____

Signature of person making request: _____
Date: _____

Send to Superintendent for approval.

AUTHORIZATION TO DISPOSE OF ITEM:

Approved: _____ Denied: _____

Reason for denial: _____

Signature: _____ Date: _____

Send signed copy to Principal/Building.
Send Original to Treasurer's Office.

FRANKLIN LOCAL SCHOOL DISTRICT
EQUIPMENT TRANSFER FORM

Equipment being Transferred from: _____
(Building/Room)

Equipment being Transferred to: _____
(Building/Room)

Reason for Transfer: _____

Item(s) being Transferred:

Item #	Description	Condition
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Principal Signature of building items transferred from: _____ Date: _____

Principal Signature of building items transferred to: _____ Date: _____

Send one copy with all signatures to Treasurer's Office.

FRANKLIN LOCAL SCHOOL DISTRICT
ASSET DONATION FORM

This form is only used when equipment is donated to the district.

Name of Donor: _____

Address of Donor: _____

Building/Department Donated to: _____

Description of Item: _____

Model Number: _____

Serial Number: _____

Manufacturer: _____

Year Originally Purchased by Donor: _____

Condition (Circle One) Good Fair Poor New

Principal: _____ Date: _____

Note: The value, if any, of the donated equipment will be set by the Treasurer's Office.

Original Copy to Treasurer's Office.