

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.

For financial statement reporting purposes, fixed assets with a value of \$10,000 or more shall be capitalized and reported on the financial statements of the District. Capitalization of grouped assets will be considered by the District on a case by case bases considering potential materiality to the financial statements. Fixed assets with a value of less than \$10,000 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 Assistant Superintendent and Treasurer are appointed Fixed Asset Managers and are 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 (additional information will be included if provided by State and/or Federal Law):

- 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

Inventory

Inventory counts will be taken as required by State and/or Federal Law and as required by insurance purposes. Any updates due to the inventory count will also be updated by Treasurer in the inventory system.

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.

Disposal of Fixed Assets

The Superintendent or designee and Treasurer shall determine the manner in which the fixed asset will be disposed of within the parameters of state law. The Board of Education will approval all disposals of property by determining that the property is obsolete and/or no longer needed for school purposes. Once the property is disposed of the Treasurer will document disposal on the inventory 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 required by State and/or Federal Law 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.

Federal Grant Assets

Equipment acquired under a Federal Award will vest upon acquisition to the District, subject to the following conditions:

- A. The Equipment shall be used for the authorized purposes of the award project during the period of performance or until the equipment is no longer needed for the purposes of the project.
- B. The equipment shall not be encumbered without the approval of the Federal awarding agency or the pass-through entity.
- C. The equipment may only be used and disposed of in accordance the provisions of the Federal awarding agency or the pass-through entity.
- D. Property records shall be maintained that include a description of the equipment, a serial number or other identification number, the source of funding for the equipment (including the FAIN), title entity, acquisition date, cost of the equipment, percentage of Federal participation in the project costs for the award under which the equipment was acquired, the location, use, and condition of the equipment, and ultimate disposition data, including date of disposal and sale price of the equipment.
- E. A physical inventory of the property must be taken, and results reconciled with property records at least once every two years.
- F. A control system shall be developed to provide adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- G. Adequate maintenance procedures shall be implemented to keep the property in good condition.

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

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