**POLICY / PURPOSE**

The general purpose of these policies is to provide guidance for the safeguarding, stewardship, efficiency and effectiveness of use, and accountability of school district resources invested in fixed assets. As used herein, the term “fixed assets” refers to the land, buildings, improvements, machinery,

equipment, furnishings, facilities, property, and other resources purchased or otherwise acquired by the

district to be utilized in accomplishing the district’s goals for a period of time that extends beyond one

budget period.

**GENERAL RESPONSIBILITY FOR FIXED ASSETS**

School district personnel, at all levels, are responsible to the Board of Trustees for the safeguarding,

stewardship, efficiency and effectiveness of use, and accountability for fixed assets under their

jurisdiction and/or control.

**ACQUISITION OF FIXED ASSETS**

The purchase or acquisition of all fixed assets shall be in accordance with all applicable federal, state,

local, and school district statutes, regulations, and policies. Unless otherwise determined by the Board of Trustees, building principals, program directors, and grant administrators shall be deemed to be responsible for assuring that fixed assets under their control have been acquired in accordance with applicable statute, regulation, and policy.

**UTILIZATION OF FIXED ASSETS**

The use of fixed assets shall be in accordance with all applicable federal, state, local, and school district statute, regulation, and policy. All district personnel shall share the responsibility for assuring that district fixed assets are used efficiently and effectively in accordance with district policy to achieve the goals and objectives of the district. It is the general policy of the district that the use of fixed assets may be extended to persons or groups not directly related to, or under the jurisdiction of, the district provided that such use is compatible with the rules and regulations as established by the district.

**DISPOSAL OF FIXED ASSETS**

The disposal of fixed assets shall be in accordance with all applicable federal, state, local, and school

district statute, regulation, and policy. Contact the accounting office for assistance in disposing of

District assets.

**ACCOUNTING AND REPORTING FOR FIXED ASSETS**

Accounting records for fixed assets and fixed asset transactions shall be maintained in such a manner as to provide information to promote sound fiscal management, to assess management accountability, and to assist interested parties with decision making about the district’s management of fixed assets.

The district’s accounting system must make it possible to account and report for the district’s fixed assets whose capitalized value equals or exceeds $5,000.00 in conformity with generally accepted accounting principles and to determine and demonstrate compliance with legal and contractual provisions. (Business Procedures Manual Fixed Asset Accounting System Section 13-2)

**DEFINITIONS**

Acquisition cost - the cost of the asset including freight and set-up charges. This would be the actual cost of a computer plus the freight charged by the vendor. In the case of donated assets, the acquisition cost is the estimated fair market value of the asset; fair market value is the amount you could reasonably expect a willing seller to receive from a willing buyer in an arms-length transaction. Care must be taken in using reasonable fair market values for donations, and an independent appraisal is the best source of a reasonable fair market value. In the case of leased assets for which the title passes to the District at the end of the lease, the acquisition cost is the net present value of the future minimum lease payments.

Building - amount expended for structures or additions to buildings for housing pupils, personnel, or property whether purchased or constructed.

Building Components - amount expended for modifications or improvements to existing structures that are “betterment’s” to the property. These include new heating or ventilation systems, new floors, etc. These improvements do not require additional space.

Equipment - any furniture, fixture, or equipment item with a useful life of more than one year. The item should retain its original shape with use, and it should be more cost effective to repair the item rather than replace it.

Disposal Form - Record showing that a fixed asset is no longer useful at the location and is to be

transferred to surplus. A disposal form is to be completed. This includes description of the asset, serial

number, acquisition cost, location it is being transferred from, the signature of the person relinquishing

the asset, reason for disposing of the asset, the account code the asset was originally charged to and the

signature of the maintenance person receiving the asset. The lower portion of the form shows the

assessment of the asset by the maintenance department. If the asset has no value and is to be disposed of without any financial return, the reason for so disposing of the asset, the signature of the person making the determination and the method of disposition must be documented. If the asset is to be sold, the disposal record is to be retained by maintenance until the final sale, at which time the form is completed showing the sales price and who purchased the asset. Disposal forms shall be kept digitally by the Fixed Asset Accountant.

Fixed asset - any equipment, furniture, fixture, building, or site with an original acquisition cost of

$5,000 or more and with a useful life of more than one year.

Fixed Asset Accountant - Person in the District Accounting Office with the primary responsibility for

maintaining the fixed asset listings and summarizing fixed assets.

Repairs and Maintenance - Maintenance costs are those costs, such as lubrication, cleaning, adjustments, and painting, which are incurred on a continuous basis to keep operational assets in usable condition. Repairs are outlays for parts, labor, and related supplies which are necessary to keep the asset in operating condition but neither (a) Add materially to the use value of the asset, nor

(b) Prolong its life appreciably. (Replacing a minor part or component is considered a repair;

painting a building is considered maintenance.)

Replacements, Major Repairs, Betterment’s, and Improvements - involves the removal of a major part or component of plant or equipment and the substitution of a new part or component that either significantly extends the useful life of the equipment or significantly improves the performance of the equipment. (Replacing parts of a boiler with new, improved parts that will extend the life of the boiler for an additional 10 years is considered to be betterment. Replacing a part of a boiler that merely allows it to keep functioning but does not extend its life is a repair.)

Responsible Person - designated person responsible for safeguarding assets and ensuring all records are properly completed and maintained for specific locations. In the school buildings, a specific individual will be assigned the responsibility for fixed assets. (Business Procedures Manual Fixed Asset Accounting System Section 13-2)

Site - amount expended for land. This also includes improvements to the land, including curbs and

gutters, roads, and sewers, in existence at the date of acquisition of the land.

Site component - amount expended for improvements to land after its purchase. This includes curbs,

gutters, sewers, and landscaping.

**ACQUISITION PROCEDURES**

**PURCHASED ASSETS**

The accounting department will be reviewing all purchase orders, invoices, and in-house construction projects to determine which acquisitions meet the definition of fixed assets. Any item purchased that meets the requirements will be noted by the Fixed Asset Accountant. An acquisition record will be completed and forwarded to the responsible person at the appropriate location. The asset will be recorded in the fixed asset listing for the District. Upon receipt of the acquisition record, the responsible person must locate the asset, determine it was received at the location in good condition, and assign a serial number, and verify that the acquisition record matches the serial number on the equipment. The responsible person must then sign the acquisition record indicating acceptance of the asset and responsibility for maintaining the asset and the associate records. A copy of the acquisition record must be returned to the fixed asset accountant.

**DONATED ASSETS**

Because there are no purchase orders for donated assets, the accounting department has no record of

donated assets. Therefore, any location receiving a donation of furniture or equipment that has an

estimated fair market value of $5,000 or more, must send a list of the donated items to the accounting

office showing the items donated, the estimated fair market value of the item, the name of the donor, any restriction on the donation (i.e. to be used only at a specific school) and the date the donation was

received. (This is in addition to any other reporting for donated items.)

Note!! Any items purchased by the PTA’s, PTO’s, Sugar Salem Education Foundation, or the Digger Fannz Club and then given to the school are considered to be donated items. If the purchase price for any of these items is $5,000 or more, the item must be reported to accounting as a donated asset. Any donated item with an estimated fair market value in excess of $5,000 will be reviewed with the purchasing department to determine whether the fair market value of the item is reasonable based on the current market. (In the case of specialized equipment such as music or computer equipment, the

appropriate department will be consulted.) The fair market value and how it was established will be

documented and retained. If any item is received with a fair market value of $5,000 or more, an acquisition record will be prepared by the fixed asset accountant and will be forwarded to the responsible party. The responsible party must locate the asset, determine it is still in the building in useable condition, and sign the acquisition record indicating acceptance or responsibility for the asset and the associated records. A signed copy of the acquisition record must be returned to the fixed asset accountant.

**TRANSFER OF FIXED ASSETS**

Any fixed asset that is moved from the location recorded on the acquisition record to another location for continued use must be reported on the accounting office via e-mail. The fixed asset accountant will then record the transfer of the asset and the assigned responsibility.

**DISPOSAL OF FIXED ASSETS**

The responsible person may make a determination that an asset is no longer useful at it’s present location. The responsible person must then prepare a fixed asset disposal record for the asset including the asset number, the serial number, the description of the asset, the reason for disposing of the asset, and the date the asset was relinquished. This form must be signed by the responsible person relinquishing the asset and by the maintenance department when the asset is turned over to them. The

responsible person must send a copy of the form with this information to the fixed asset accountant within five (5) days of the surrender of the asset. The responsible person must retain a complete copy of the fixed asset disposal record for one year after the date of the transfer. The maintenance department must retain the disposal records until final disposition of the fixed asset. The fixed asset accountant will include these items on the fixed asset listing for maintenance under “Surplus”.

**INVENTORY OF FIXED ASSETS**

Each year the accounting department will prepare a listing of all fixed assets for each location in the

District. The listing will include the description, serial number, acquisition cost, responsible person, etc. The listing will be distributed to the responsible person at each location. The responsible person must locate each asset and verify that the serial number on the asset matches the fixed asset listing. The responsible person must note the condition of the asset on the listing (still useable, no longer useable). The responsible person must return a copy of the fixed asset listing to the fixed asset accountant indicating that all listed assets are still in their proper location and that those assets are still useable. The responsible person and the fixed asset accountant must resolve any discrepancies.

**AUDITS**

Each year, the fixed asset accountant will select several locations and visit the site to audit the fixed asset inventory. The fixed asset accountant will take the fixed asset listing to the building and ask the

responsible person to show them each asset. The fixed asset accountant will then compare the serial

number etc. from the fixed asset listing to the fixed asset. The responsible person must resolve any

discrepancies. Periodically, the external auditors will select several sites and test the fixed asset inventory. The auditors will arrive with a current fixed asset listing and will expect the responsible person to locate each asset on the listing; they will then verify the serial number and any other information from the fixed asset listing to the actual fixed asset. The auditors will also note whether, in fact, it appears that the asset is still in use.

Please note!! Personal property belonging to an employee is NOT covered by the District insurance

policies.