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7455 - ACCOUNTING SYSTEM FOR FIXED ASSETS

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

- A. the preparation of year-end financial statements in accordance with generally-accepted, accounting principles
- B. adequate insurance coverage
- C. control, and accountability

Fixed assets are defined as those tangible assets of the District with 1.) a useful life in excess of one (1) year, 2.) an initial cost equal to or exceeding \$1,000 if purchased before January 1, 1997, or \$5,000 if purchased after January 1, 1997, and 3.) which the District intends to hold or continue in use over an extended period of time. If a single item does not meet the threshold amount, but is typically purchased in aggregate by the District, the Treasurer shall verify which items shall be classified as fixed assets and recorded at the time of purchase or acquisition. Further, 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 to maintain control.

Fixed assets shall be classified as follows:

- A. land
- B. land improvements
- C. buildings and building improvements
- D. improvements other than building
- E. machinery and equipment
- F. furniture and fixtures
- G. vehicles
- H. construction-in-progress
- I. investment in joint venture

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

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.

The Superintendent shall develop administrative guidelines to address the proper purchase, transfer, and disposal of fixed assets. Such assets shall be disposed of in such a manner as will be in the public interest and benefit the District (see Policy 7300 and Policy 7310).

The Treasurer shall verify whether an expense should be recorded as an improvement to a fixed asset or maintenance cost. An improvement of a fixed asset significantly increases its value, life or capacity to serve, and should be capitalized and depreciated over its life. Maintenance restores a fixed asset to its original level of service and should not be capitalized.

Depreciation is the allocation of the cost of a fixed asset over its estimated useful life. Depreciation shall be recorded for funded fixed assets using the method(s) agreed upon by the Superintendent and the Treasurer. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
<u>Building and Improvements</u>	<u>25-50 Years</u>
<u>Furniture and Equipment</u>	<u>5-20 Years</u>
<u>Vehicles</u>	<u>5-15 Years</u>

The following information shall be maintained for all fixed assets:

- A. description (including whether the item was acquired in aggregate)
- B. asset classification (land, building, equipment, etc.)
- C. location
- D. purchase price/cost, or if not determined:
 - 1. estimated cost/purchase price
 - 2. estimated fair market value
 - 3. contract price (including all related charges to place the fixed asset in condition or in its place for the intended use), or
 - 4. appraised value at the time of acquisition (if obtained by gift/donated)
- E. vendor
- F. date purchased/acquired
- G. voucher number
- H. estimated useful life
- I. estimated salvage value
- J. replacement cost
- K. accumulated depreciation
- L. method of acquisition (purchase, trade-in, lease, donated etc.)
- M. appropriation
- N. manner of asset disposal