

FIXED ASSETS MANAGEMENT SYSTEM

To improve the school district's oversight of fixed assets by assigning and recording them to specific facilities and programs and to provide for proof loss of fixed assets for insurance purposes, the school district will establish and maintain a fixed assets management system for reporting capitalized fixed assets owned or under the jurisdiction of the school district in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law.

A separate fixed assets listing is prepared for fixed assets in the general fixed assets account group (GFAAG) and for the fixed assets of each proprietary and fiduciary fund. "Fixed assets" in the GFAAG will include school district buildings and sites, construction in progress, improvements other than buildings and sites, land and machinery and equipment. "Fixed assets" in the proprietary funds will include school district buildings and sites, construction in progress, improvements other than buildings and sites, capitalized interest, infrastructure, land and machinery and equipment. Fixed assets reported in the financial reports will include individual fixed assets with an historical cost equal to or greater than \$5,000. Fixed assets accounted for and reported in the proprietary funds are depreciated over the useful life of each fixed asset.

The fixed assets management system is updated monthly to account for the addition/acquisition, disposal, relocation/transfers of fixed assets. It is the responsibility of the superintendent to count and reconcile the fixed assets listing for the general fixed assets account group and for each proprietary and fiduciary fund with the fixed assets management system on June 30 each year.

It is the responsibility of the superintendent to develop administrative regulations implementing this policy. It will also be the responsibility of the superintendent to educate employees about this policy and its supporting administrative regulations.

NOTE: In determining the capitalization threshold, the size of the school district, the property insurance deductible and the time and effort necessary to account for and track fixed assets with a lesser value should be considered. It is suggested the board consider a capitalization threshold within the range of \$200 to \$5000. It is strongly recommended the board consult with the school auditor prior to setting the capitalization threshold. Once the capitalization threshold is set, it is recommended the same capitalization threshold be used when accounting for fixed assets in the general fixed assets account group and in the proprietary and fiduciary funds. The federal regulations governing school lunch programs already require fixed assets attributable to the school lunch program with a historical cost of equal to or greater than \$5000 be capitalized.

A school district could, and many do, use bar code identification tags to control fixed assets, such as VCRs, computer mice, etc., even though these fixed assets have a cost below the capitalization threshold. In tracking these fixed assets, only the information necessary to control the location and use of them needs to be maintained. Some school districts videotape each classroom/office annually to save time and effort tracking fixed assets below the capitalization threshold. The video tape is also helpful for insurance claims. Whether a school district chooses to track fixed assets with a cost below the capitalization threshold or not, fixed assets with a cost below the capitalization threshold should not be included in the fixed assets listing for reporting purposes.

Approved 3-18-13

Reviewed _____

Revised _____

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This policy provides for valuing fixed assets at historical cost as required by GAAP. This policy bases the capitalization threshold on the historical/acquisition cost of the individual asset. The school district can choose to use the historical cost of all the items included in a purchase order as the basis for determining whether to capitalize the fixed asset. The cost of improvements may be added to the historical cost of a fixed asset. Deciding whether to add the costs of an improvement to a fixed asset's historical cost is a judgment call which should be made after consulting with the school auditor.

It is important to note the distinctions made by GAAP between the general fixed assets account group and the proprietary funds. GAAP requires interest paid to place a fixed asset in service be accounted for in proprietary funds be included in the historical cost. GAAP also requires infrastructure be included in the fixed assets of proprietary funds. Depreciation records are only required for fixed assets accounted for in proprietary funds.

For school districts maintaining cash basis accounting for proprietary funds, monthly updates to the fixed assets management system should not be posted to the financial records prior to the end of the year. It is recommended a separate computer file be maintained to note monthly updates to the fixed assets management system for fixed assets attributable to proprietary funds. Monthly updates to the GFAAG will not affect the financial reporting of the non-proprietary funds.

Legal Reference: Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A (2007).

Cross Reference: 709 Insurance Program
701.3 Financial Records