

FIXED ASSETS INVENTORY

Date Reviewed/Approved: 02/05/2007

Policy Number: 8350

Rescinds Policy Number:

Issued:

Fixed asset accounting is an important part of the stewardship responsibility of school officials. It allows school officials to properly account for the financial and economic resources of the school district. An inventory control system shall be established for all tangible fixed assets owned or possessed by the board of education. The superintendent shall ensure that a physical account of fixed assets is taken on an annual basis.

DEFINITION OF FIXED ASSET

The school district shall maintain a computerized fixed asset ledger:

a) **Capitalizable Assets** – The ledger shall include all assets that must be capitalized and depreciated according to the Governmental Accounting Standards Board (GASB). These are referred to as Capitalizable Assets. A capitalizable asset is defined as any asset or group of assets that has a useful life in excess of two years and at the time of acquisition has a fair market value or cost of at least \$5,000. Examples include land and improvements, buildings, easements, vehicles, and machinery.

b) **Controllable Assets** – The ledger shall include fixed assets for which capitalization is not required by GASB. A controllable fixed asset is defined as any asset that must be inventoried and requires security from theft. Generally, controllable assets have a useful life of two or more years and a fair market value or acquisition cost of less than \$5,000.

Controllable assets include the following:

- o Computer equipment (computer workstations, laptops, printers, scanners)
- o Audio-visual equipment including television monitors/receivers, compact disc players, portable stereos
- o Two-way radio equipment

Controllable assets are not subject to depreciation and are expensed in the year acquired. Security is important for these items as they are easily converted to cash. Fixed asset tags shall be attached to these assets and they must be recorded in the Controllable Fixed Asset Ledger. Controllable assets shall be secured in a manner consistent with its operational use and which minimizes the risk of loss or theft.

CATEGORIES OF FIXED ASSETS

For the purposes of accounting and inventorying fixed assets, they shall be divided into the following categories:

1. Land -- The legal right of the board of education to own, possess, or use real property, including land owned in fee simple, easements, rights-of-ways, leases and other interests in land.
2. Land Improvements -- Permanent improvements (excluding buildings as defined in Section 3 below) which add value to the land or improve the use of land, such as sidewalks, parking lots, driveways, fences and drainage systems.
3. Buildings -- Any permanent or portable, man-made structure owned by the board of education and used to house or shelter persons or property including schools, offices, warehouses, garages, sheds and similar structures.
4. Equipment -- Any portable, tangible personal property not permanently affixed to real property that is owned, leased or used by the school system including such items as machinery, tools, furniture, computers and motor vehicles.

INVENTORY PROCEDURES

In accordance with the School Board Policy, all equipment items are to be recorded for inventory purposes. The inventory is to be maintained as follows:

1. Capital Equipment to be recorded for the purpose of controlling the Asset (\$500 - \$4,999)

All School equipment meeting the fixed asset definition is tracked in the School's districts computerized fixed asset system. A fixed asset tag number is attached or assigned to such equipment for inventory and identification purposes. If equipment meeting the fixed assets definition is not tagged within a reasonable time after receipt, the owning department is responsible for notifying the Purchasing Department. Once items have been tagged, it is important not to remove, relocate, or damage fixed asset tags. A physical inventory must be performed annually.

2. Capital Equipment to be recorded for the purpose of accounting for the Asset (\$5,000 & up)

Upon receiving an equipment item, the asset control number will be placed on the equipment at which time the equipment will be entered along with all required information into the computer at the Central Office. The records will be maintained, monitored, and supervised by the Finance Director. A physical inventory must be performed annually.

3. In event of a theft, any stolen equipment must be reported to the Finance Director and the asset must be updated accordingly.
4. If an item is to be discarded as surplus or unusable, this must be reported to the Finance Director and removed from the Inventory accordingly.

RECORD KEEPING

The superintendent shall develop an appropriate record keeping and inventory system for the school district's fixed assets.

Legal References: G.S. 115C-36, -47, 115C-102.6A(c)(5), -523, -539