

Policy # 64

FIXED ASSET POLICY

Purpose

The School District recognizes the need to implement the required accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 was issued to provide new and additional information to the diverse users of the District's financial statements.

A fixed asset or capital asset is defined as a physical commodity (i.e. land, buildings, machinery, vehicles, equipment, and furnishings) having an estimated period of usefulness in excess of one year and an estimated value of at least \$1,000.

The School District is committed to fostering proper management of the District's assets.

Guidelines

1. The disposal of all fixed assets shall be recorded and approved for disposition by the Board.
2. Obsolete or surplus items shall be kept to the lowest levels.
3. The Board shall designate a person who will be responsible for safeguarding all fixed assets and who will ensure that none is removed from school property unless authorized by the Board.
4. Employees are not permitted to use the District's assets for personal activities.
5. Generally, capital assets should be considered for disposal when they can be identified with one or more of the following:
 - (a) **Obsolete:** An asset which is no longer suitable for its original purpose and which is incapable of being modified to achieve an acceptable level of operation, with little or no resale value.
 - (b) **Not Repairable:** An asset which cannot be repaired or restored to an acceptable level of operation, or where the cost of repair in relation to replacement cost is not economically justifiable.
 - (c) **Surplus:** An asset may become surplus if it is in excess of estimated requirements or if the purpose for which it was originally acquired no longer exists.

Recording of Fixed Assets

All assets will be recorded on an ongoing basis in a Fixed Asset Register. The Register will record an identifying number, a description of the asset, the location of the asset, and the original cost of the asset.

All items that are listed as fixed assets shall be tagged and identified in the District's Register of Assets. All other assets shall be tagged if such assets may be conducive to theft and have a value of at least \$100, (e.g., a digital camera costing \$400) and shall be included in the Register.

Physical Inventory of Fixed Assets

Inventories are physical reviews and confirmations of the District's assets. A periodic evaluation of the inventory will ensure the integrity of the amounts in the District's financial statements, maintain current insurance valuations, and assist in loss detection.

Inventories shall be conducted as follows:

- land and buildings – every 5 years;
- machinery, equipment, vehicles, furnishings – every 2 years;
- all other fixed assets – at least annually.

Any assets not accounted for must be immediately brought to the attention of the Board.

Transfer of Fixed Assets

The transfer of an asset from its original location must be specified in the Register by date, the new location, the purpose of the transfer, and the person(s) responsible for the transfer.

Disposal of District Property

Policy

Building Principals are responsible for identifying obsolete or surplus equipment and supplies within their area(s) of responsibility. Each year a determination shall be made of equipment, supplies and or materials that are obsolete and cannot be salvaged or utilized effectively or economically by the District. Such equipment, supplies, or materials shall be sold through bid procedures, if possible, for the highest possible price. The School Business Official shall be authorized to dispose of obsolete or surplus equipment and supplies in the following manner:

1. reassign the items, as needed, to other locations within the School District;
2. centralize the storage of items of potential usefulness;

3. discard or sell as surplus those items determined to be of no further use or worthless following approval by the Board of Education.

Following approval by the Board of Education, items may be sold in the following manner:

1. offer to sell the items to local municipalities or local non-profit organizations;
2. sell items at a public sale. In the event of a public sale, notice of availability of such equipment, supplies and materials and requests for bids shall be disseminated through announcements in local newspapers and such other appropriate means. Items shall be offered for sale to the general public except that no Board member, officer or employee of the District shall be eligible to bid on the equipment, supplies and or materials; and
3. sell remaining items as scrap for the best obtainable amount or discard in the safest, least expensive manner.
- 4 give such items to a municipality or municipal corporation.
- 5 all items offered for sale or donated according to this policy shall be sold “as is” and potential buyers shall be notified that all sales and gifts of District property are “as is”.
- 6 all items approved for sale by the Board of Education should include an upset price approved by the Board, which is the lowest price that the Board of Education will accept for a particular item.

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