

FIXED ASSET ACCOUNTING POLICY

OBJECTIVES

Establishing and maintaining a fixed asset accounting system is an important task to all governmental agencies. An adequate fixed asset accounting system allows for the proper presentation of fixed assets in financial statements and the overall safeguarding of fixed assets.

An effective accountability and control system will:

- Record all personal property for which accountability and control is required;
- Assign responsibility for its control, use, care and protection;
- Monitor each item from date of receipt to final disposal;
- Support the maintenance of financial records and accounts.

This document is intended to describe the standard policies and procedures required for recording existing assets, changes in assets and the methodology of record keeping. The system requires periodic update (annual inventory) and maintenance (as occurring) to remain current and valuable. Additional fixed asset acquisitions, transfers, sale of surplus, disposal and corrections must be entered into the system in a timely manner. It is imperative that those responsible comply with this document to establish and maintain accurate fixed asset records.

RESPONSIBILITIES

- A. The Director of Administration and Finance, or his/her designee, is designated as the Fixed Asset System Coordinator and is responsible for ensuring:
1. Effective administration and maintenance of the property accountability and control system for the Chariho Regional School District;
 2. The designation of custodial areas within a building and a "Property Custodian" for each building. (Property Custodian shall be defined as the person designated, by position, as being responsible for the custodial control of property within a specified custodial area.);
 3. That Property Custodians have current records of the property for which they are responsible;
 4. That joint physical inventories are taken on a yearly basis.
- B. Property Custodians are responsible for:
1. Maintaining current custodial records for all in-use fixed assets within their assigned custodial area;
 2. Assuring that personal property is given proper care and protection and is used for official purposes only;
 3. Notifying the Coordinator whenever fixed assets are acquired, lost, destroyed, stolen or disposed of;
 4. Identifying and reporting to the Coordinator any property which is useable but not needed in his/her area, or which is beyond economic repair and therefore to be disposed of;
 5. Assisting in taking physical inventories.

C. Individual employees are responsible for:

1. The proper use, care and protection of district property.
2. Ensuring that district property is used only in the conduct of official district business.
3. Assisting in taking physical inventories.

FIXED ASSET CLASSES

Fixed assets should be classified into the following major accounting groups:

Land - The land account should include all land purchased, leased, donated, or otherwise acquired by the district. Purchased land should be carried on the records at cost. Donated land should be recorded at the appraised market value of the land at the time of its donation.

Buildings - The buildings account includes the value of all buildings at purchase price or construction cost. Additions and improvements to buildings and other permanently attached fixtures should be added to the buildings account.

Improvements other than buildings - This account should be used to record infrastructure elements (e.g., parking lots, sidewalks, etc.) and site improvements (e.g., fences).

Machinery and Equipment - The machinery and equipment account should consist of property that does not lose its identity when removed from its location and is not changed materially or expended in use. Subclasses in this account will include motor vehicles, office and computer equipment, audiovisual equipment, musical instruments and "other" machinery and equipment.

CAPITALIZATION POLICY

Capitalization is the determination of the threshold value of what qualifies for recording and reporting as a fixed asset. The Chariho Regional School district will capitalize assets owned by the district which have an expected useful life of more than two years and a per-unit cost of \$5,000.00 or more.

TAGGING

Positive identification of the district's fixed assets requires the use of a tagging system. The use of a bar coded, numbered, Mylar tag will be used in the inventory effort, or a record of the serial number if more effective.

VALUATION

All fixed assets should be recorded at historical cost. Recent purchases of equipment can be quickly valued by locating the asset's invoice. Assets acquired by donation must be recorded at fair market value on the date donated. Fair market value is defined as the estimated amount at which the fixed asset would be sold by a willing seller to a willing buyer.

ADMINISTRATORS' RESPONSIBILITIES

Each building administrator will be designated as the Property Custodian for his or her respective buildings. In addition, the Director of Buildings and Grounds and the Director of Educational Technology and Information Systems will be designated Property Custodians for his/her respective fixed asset purchases. Each property custodian is responsible for preparing all required forms and for performing the joint physical inventory of the fixed assets in his/her building. The Director of Administration and Finance, or his/her designee, is responsible for keeping the property custodians informed of any policy or procedural changes. The specific responsibilities of the property custodians are described below.

Overview - The Chariho Regional School District will maintain the records of the fixed assets electronically to permit the preparation of reports required by property custodians or the independent auditors responsible for the District's financial statements. The Fixed Asset Record Forms are designed for additions, disposal, transfers and changes to information in the system. The fixed asset records are designated by building and fixed asset reports shall be supplied periodically to each property custodian.

Additions - Additions to the fixed asset records are the result of either the purchase, donation or construction of a fixed asset. The property custodian is responsible for all additions to the fixed assets of his/her building. Additions as a result of donation should be recorded on the Fixed Asset Record Form (described in Section 2) on the day received and forwarded to the Office of the Director of Administration and Finance. For those fixed assets acquired by purchase or construction, the following procedure should be followed:

- The Office of the Director of Administration and Finance, in conjunction with the property custodian, will identify all purchases that are considered fixed assets.
- A Fixed Asset Record Form and an identification tag will be attached to the invoice and approved purchase order which is sent to the property custodian for review and approval.
- When the property custodian receives the asset, he/she will tag the asset and complete the form as indicated in Section 2. The original completed Fixed Asset Record Form, attached to the yellow copy of the purchase order and invoice, will be returned to the Office of the Director of Administration and Finance for inclusion into the fixed asset register.
- A copy of the completed fixed asset record form will be maintained by the property custodian and the Office of the Director of Administration and Finance to supplement their records.

Transfers - The transfer of fixed assets between buildings and or physical locations is the responsibility of the Property Custodian. Permanent transfers of an asset, in or out of a building or a permanent change in location of the asset must be recorded on the Fixed Asset Record Form. The completed form will be returned to the Office of the Director of Administration and Finance for inclusion into the fixed asset register.

Surplus or disposal - The Property Custodian is responsible for properly accounting for all surplus property. Property which is no longer of use in an area or which is beyond economical repair will be reported by the Property Custodian to the Director of Administration and Finance.

The building initiating the surplus or disposal action will prepare a Fixed Asset Record Form as indicated in Section 2. The Director of Administration and Finance will review and approve the surplus or disposal action requested. As part of the process prior to disposal, a list of valuable items will be circulated to the other district buildings for possible use.

Adjustments - Adjustments and changes to the information in the fixed asset records must be recorded on the Fixed Asset Record form as indicated in Section 2. The completed form will be returned to the Office of the Director of Administration and Finance for inclusion into the fixed asset register.

FIXED ASSET RECORD FORM

The Fixed Asset Record Form has been designed to account for all transactions affecting the district's Fixed Asset Recording System. It is imperative that the form be completed thoroughly.

ACTION

The **Tag Number** applied to the asset and the action being recorded, either **Acquisition, Transfer, Correction or Surplus/Disposal** must be identified.

If the action is a **Transfer**, the transferring building will complete this block only and will forward the form with the asset being transferred to the receiving building. The receiving building will complete the **LOCATION, IDENTIFICATION** (except vendor) and **SUBMITTED BY** blocks.

LOCATION

The **Physical Location** should be as detailed as possible to locate the asset during an inventory spot-check.

IDENTIFICATION

The **Description** is valuable in identifying specific assets. For land and building, the description should include the plat/lot. Motor vehicles should include the make, model and the vehicle identification number. Equipment should specify a model and serial number.

The name of the **Vendor** which supplied the asset and purchase order number should also be listed.

ACQUISITION

The **original date** an asset is purchased by or donated to the district must be recorded. **Cost** should be rounded to the nearest dollar.

INVENTORY PROCEDURE

- The Office of the Director of Administration and Finance will provide Property Custodians with a listing of all reportable property by custodial area annually. Using the listing of reportable property as a basis, a joint inventory will be conducted by the Property Custodian and the Director of Administration and Finance or other District official.

Discrepancies will be noted and investigated by the Director of Administration and Finance. The results of the inventory, including unresolved discrepancies, will be reported to the Superintendent.

Lost or stolen property must be reported as soon as the loss or theft is known. In the case of known or suspected theft, the Property Custodian must send a written report to the Director of Administration and Finance. In the event of theft or suspicion thereof, a report shall be filed with the local police.

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