

Houston County Board of Education

Monitoring: Review: Annually, in January	Descriptor Term: <h2 style="text-align: center;">Fixed Assets and Inventory</h2>	Descriptor Code: <h3 style="text-align: center;">2.704</h3>	Issued Date: <h3 style="text-align: center;">08/10/15</h3>
		Rescinds: <h3 style="text-align: center;">2.704</h3>	Issued: <h3 style="text-align: center;">12/12/05</h3>

PURPOSE

The purpose of this policy is to provide for the control and reporting of assets in accordance with governmental accounting standards, whether purchased, constructed or otherwise acquired by the Houston County Board of Education.¹ This policy shall also provide the framework for financial reporting of Fixed Assets in accordance with the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments.

SCOPE AND ACCOUNTABILITY

This policy shall apply to all departments, offices, and school locations within the Houston County Board of Education.

This policy applies to all assets purchased, constructed or otherwise acquired by the Houston County Board of Education. Fixed assets shall include, but are not limited to land and land improvements, buildings and improvements, machinery and equipment, furniture and fixtures, have a useful life of at least one year, and meeting the value thresholds. General assets shall include machinery and equipment, computing devices, and furniture and fixtures meeting the value thresholds.

All assets will be assessed and categorized according to the following value thresholds:

Type Inventory	Value Threshold
Fixed Assets Inventory	\$10,000 or more
General Inventory	\$500 to \$9,999

GENERAL RESPONSIBILITIES

The Houston County Board of Education Director shall administer this policy under the direction of the Board. Purchasing, accounting, and reporting functions related to assets, fixed or general, shall be performed by the Central Office under the direction of the director of schools.

Each department head, principal and assigned property custodian, shall be responsible for the proper physical control over all assets acquired and held at their location.

Full cooperation with the implementation of this policy and ongoing activities as related to assets of the Board, is essential for effective internal control, reporting and compliance with governmental accounting and county auditing standards.

SPECIFIC RESPONSIBILITIES

A. All Departments and Schools

1. A knowledgeable employee will be designated as property custodian for each location within the school system. The property custodian shall be responsible for maintaining internal control over the location's inventory records and will function as liaison with the Central Office.
2. The property custodian shall:
 - Allow Central Office personnel access to all records necessary to aid in determining the proper accounting and reporting of location assets.
 - Assist the Central Office with the maintenance of a listing of assets for the department or location accountable.
 - Assist the Central Office with the timely identification and tagging of newly acquired property and equipment.
 - Report the theft of property immediately to the location's principal or supervisor, the Central Office and the County Sheriffs Department in the manner prescribed by procedure.
 - Provide timely notification to the Central Office of any assets deemed to be surplus or damaged (in the manner prescribed by procedure), including the removal of identification tags prior to asset disposal or sale.
 - Provide requests for transfers of property and equipment to the Central Office in the manner prescribed by procedure.
 - Conduct annual inventories and report results to the Central Office.
 - Respond in a timely manner to audit inquiries made by the Central Office in conjunction with periodic inventories and the maintenance of asset records.

B. Central Office

1. A knowledgeable employee will be designated as property coordinator to function as a liaison with each location's property custodian. The property coordinator shall be responsible for maintaining inventory records.
2. The property coordinator shall:
 - Maintain inventory listings of all assets as defined in this policy and held by the Board.
 - Provide tag control for all newly acquired general assets according to predefined thresholds as outlined in this policy.
 - Input all fixed asset information into the fixed asset system, run depreciation schedules, and post to the general ledger.
 - Secure general asset information as reported by property custodians.
 - Process fixed asset transactions.
 - Coordinate periodic audits of the physical inventories of all departments and offices to ensure compliance with policy.
 - Ensure proper accounting and reporting of assets in accordance with government accounting standards.
 - Assist the state comptroller's office and division of county audit. Assist with year end physical inventories as related to fixed assets and financial reporting.

C. School Board

1. Provide review and approval to the director of schools for policy as related to the Board's assets.
2. Approve all declarations of surplus or damaged equipment and the disposal of property with little value.

DEFINITION OF MOVEABLE PROPERTY/EQUIPMENT

Moveable property and/or equipment is defined as items of a non-expendable nature, and susceptible to movement, theft, or misappropriation. These assets will be tagged and tracked with each inventory.

Examples of such items include computers, facsimile machines, scanners, televisions and other electronic equipment. Items meeting the general inventory cost/value "threshold" shall be tagged with a Board inventory number and itemized on the location's inventory list. Computer software is not considered moveable property, however, departments and locations should take steps to establish a record keeping system to track software acquisitions.

PROPERTY SUBJECT TO CAPITALIZATION

Any fixed assets with an original value of \$10,000 or more and a life expectancy of more than one year shall be capitalized in accordance with the policy of the Board and government accounting standards.

Assets should be recorded at their actual historical cost or if such cost is not easily determinable, at estimate cost. Donated assets should be recorded at their estimated fair market value at the time of receipt. Actual costs include not only the purchase or construction cost which may be obtained from invoice or purchase order files, but also any charges necessary to deliver the asset to its final or intended location. Such costs include shipping and transportation, any necessary site preparations, professional fees and any legal claims that could be attributed to the acquisition of the asset.

Estimated costs should be based on as much evidence as can be collected to support the costs, such as interviews with the appropriate personnel. Costs for items such as library books, school desks and chairs are considered as individual items and not grouped for the purpose of capitalization.

FIXED ASSET CATEGORIES AND SCHEDULES

Fixed assets will first be divided into categories and depreciation schedules based on cost and depreciation based on category.

1. Automotive Equipment

Automotive equipment is defined as any equipment that has a gasoline, diesel, or propane gas drive engine or components or attachment to automotive equipment. Minimum original cost of automotive equipment is \$10,000.

Depreciation Schedule as follows:

<u>Asset Type</u>	<u>Depreciable Life</u>
a. All other cars and trucks and vans less than one ton capacity	5 years
b. Trucks one ton and above	10 years
c. Tractors, backhoes, forklifts and attachments	15 years
d. Small specialized equipment	10 years
e. Transit Buses (Type 0)	15 years
f. Conventional Buses (Type C)	12 years
g. Mowing equipment	10 years

2. Building and Land Improvement

Minimum original cost of buildings and land improvements based on type of improvement. Depreciation schedule as follows:

<u>Asset Type</u>	<u>Depreciable Life</u>
a. Wood framed buildings	20 years
b. Steel framed buildings - \$20,000 or more	30 years
c. Masonry structures - \$50,000 or more	40 years
d. Building Improvements	10 years
e. Drainage Improvements/Repairs	20 years
f. Landscaping	20 years
g. Paving	15 years
h. Roof Repairs	15 years

3. Data Processing/Communications Equipment

Depreciation Schedule as follows:

<u>Asset Type</u>	<u>Depreciable Life</u>
a. Computers, servers - \$5,000 or more	5 years
b. Communication network equipment - \$5,000 or more	10 years

- c. Voice communications equipment - \$5,000 or more 10 years
- d. Software (other than operating systems) 5 years

4. Food Service Equipment

Depreciation Schedule as follows:

<u>Asset Type</u>	<u>Depreciable Life</u>
a. Coolers/Freezers	20 years
b. Ranges/Ovens	20 years
c. Dishwashers	20 years
d. Air conditioners	20 years
e. Warmers	20 years

5. Real Property (Land and Easements)

Land and easements are not depreciated. They are entered on the asset as book cost. All land costs will be given priority in entering the data base. Easements will be entered as time permits.

6. Miscellaneous

Any category or items discovered during inventory with a cost of \$10,000 or more, recording of fixed assets will be determined administratively by the Central Office in accordance with the above guidelines.

GENERAL DEPRECIATION CRITERIA

The following general depreciation criteria shall apply to fixed assets:

1. First and Last Year Depreciation

All fixed assets will be depreciated one-half year the year placed in service, regardless of the date placed in service. Likewise, all fixed assets will be depreciated one-half year, the last year of depreciation so that accumulated depreciation meets the total years of depreciation as established by the depreciation schedules for type of asset.

2. Depreciation Method

Simple straight-line depreciation will be used. For example, an item depreciated for five year life, will be depreciated 20% per year in each of the five years based on original cost.

3. Basis of Depreciation

Basis for depreciation is the original cost. If the original cost is not available, estimates will be used.

4. Fixed Asset Time Schedule

The number of years an asset is depreciated depends on the estimated useful life of the asset. To simplify that schedule, fixed assets are first divided into categories and life spans assigned to the category.

Legal Reference:

1. 2 CFR § 200.313

Cross References: