

GENERAL FIXED ASSETS
Fixed Assets Administration

Colorado Revised Statutes (CRS) 22-45-101(2), 22-45-112, 29-1-506(1) and generally accepted accounting principles (GAAP) require that certain records be maintained relating to the acquisition and disposition of assets. The Colorado Springs School District 11 Board of Education (the Board) mandates compliance with Colorado state law and GAAP. Noncompliance with the steps described below is considered a violation of Board Policy.

I. FIXED ASSET ADDITIONS

A. Purchases:

Both capitalized and non-capital fixed assets include items purchased and items donated to schools or departments by external sources that meet the requirements of section B, C and D.

B. Capital:

1. Assets that meet the capitalization criteria shall be capitalized for reporting purposes and included in the asset accounts of Colorado Springs School District 11 (the District). Capitalized fixed assets are land, buildings and improvements, and equipment.
 - a. Land. The land account includes all land purchased or otherwise acquired.
 - b. Buildings and Improvements. The buildings account includes the value of all buildings at purchased price or construction cost. Additions and modifications to buildings (e.g. a new heating and ventilating system) or other permanently attached fixtures should be added to the building and improvements account when these costs are \$250,000 or more and extend the useful life of the asset.
 - c. Equipment. The equipment account should consist of property (vehicles, machinery, furniture, and equipment) that has a value of \$10,000 or more, does not lose its identity when removed from its location; is not permanently attached to a structure; and is not changed materially or expended in use. This property should be recorded at cost, including freight, installation and other charges incurred to place the asset in use.

C. Non-Capitalized equipment:

1. Assets that are non-capitalization fixed assets include items purchased through central funding, school funding, and grant funding. Examples of Noncapital Assets are, but not limited to, computers, laptops, mobile devices, printers, switches, wireless access points, musical instruments, assistive technology, etc.

D. Accounting Classification of Equipment:

1. As defined above, equipment with a value of \$10,000 or more will be capitalized and equipment with a value less than \$10,000 will be non-capitalized.
 - a. Capitalized equipment – Purchases of capitalized equipment will be classified as equipment expenditures and included in the General Fixed Asset Account Group for reporting Fund Financial Statements; then reclassified as Assets – Equipment for reporting District-wide Financial Statements as required by Governmental Accounting Standards Board (GASB) Statement 34.
 - b. Non-capitalized equipment – Purchases of non-capitalized equipment will be classified as expenditures and will not be included in the General Fixed Asset Account Group.

E. Tagging:

1. All newly ordered capitalized tagable assets will be delivered to the District Warehouse, for receiving and delivery to the designated school/department. If capitalized assets are delivered directly to a school/department, it is the responsibility of that school/department to contact the warehouse for appropriate asset tags and to report the asset to fiscal services for inclusion in District inventory.
2. All newly ordered non-capitalized tagable assets will be delivered to the District Warehouse, and entered into the PeopleSoft inventory system. If non-capitalized assets are delivered directly to a school or the Technology Services (IT) Division, it is the responsibility-of that school or IT to enter, or notify the Learning Resource Services (LRS) department to enter all required information into the PeopleSoft inventory system for inclusion in District inventory. Schools can enter under \$500 items.
3. Fixed asset tags should be attached to items as quickly as possible and in an area where the tags aren't likely to be removed but easily found and clearly visible. The equipment should also be scribed if doing so will not cause damage to the substructure of the equipment.
4. If a new or donated asset is shipped directly to the school or IT, site staff must notify LRS for asset tagging and entry into the PeopleSoft inventory system. All other departments will notify the Department of Fiscal Services for entry into PeopleSoft system. All pertinent item information including asset description, model, serial number, etc. will be included. Departments and schools are then responsible for physically tagging item with appropriate barcode.

F. Assets Purchased with General Fund and Other Fund Monies:

1. The funds used to purchase fixed assets will be identified in the fixed

asset system. For example, items purchased using capital reserve monies will be identified as capital reserve assets in the fixed asset system; general fund purchases will be identified as general fund assets, etc.

G Donated Assets:

1. Prior to acceptance, donated assets will be carefully inspected for usefulness by appropriate District personnel; including the Director of Technology Services or designee for technology equipment or the Risk Management Department for safety purposes. The donation of equipment which has a fair market value greater than \$10,000 to any District department, school or other activity will be permitted only with the prior approval of the Division Head, or designee. The Division Head will accept or reject the District's responsibility for maintaining the item to be donated. Similar donations of \$9,999 or less may be accepted without such approval excluding all technology donations, but the Principal must approve school site donations. As stated in Policy KCD, Gifts/Donations to Schools, hidden costs to the District (transport, set-up, maintenance, repair) related to accepting an item shall be considered prior to donation acceptance and affected operating areas of the District shall approve prior to receipt of item. The District maintains the right to refuse assets that may be incompatible with existing systems, or too costly to maintain and/or operate.
2. Non-capitalized donated equipment will follow the guidelines given to schools by the IT department. Items will be properly entered into the PeopleSoft system, physically tagged and inventoried.
3. The donor of these assets will be given a Donated Asset Receipt Form (See Exhibit DID-E-1), stating the appropriate information. The District will not accept responsibility for determining fair market value of any assets for tax purposes of the donor. However, the Department of Fiscal Services will establish the fair market value of the asset for capitalization purposes. A copy of the Donated Asset Receipt Form will be given to the donor, the Department of Fiscal Services, and the school/department receiving the donated asset.

II. FIXED ASSET RETIREMENTS

School principals and central administration department directors are responsible for identifying those assets that should be retired. All schools and IT Division departments will utilize the online Asset Disposition form to notify principal and Assistant Superintendent/CIO of retiring items. The Fixed Asset Disposition Form (See Exhibit DID-E-2) will be utilized by all other central administration departments to retire items and may be obtained online from the District homepage > Board of Education > Policies > Fiscal Management > DID-E-2. The following procedures should be used for asset retirement.

A. Retirement of Usable Assets:

1. Fixed Assets with a cost of \$10,000 or more:

The Division Head/Designee will review each request and inspect equipment with a cost of \$10,000 or more to determine whether the asset should be retired. An asset disposition form will be completed and signed by the department head authorizing the retirement. Three copies of the asset disposition form will be created; the first to be submitted to Fiscal Services, the second to accompany the asset to the District Warehouse; the third to be retained by the school/department. Buildings and vehicles to be retired will be submitted to the Chief Financial Officer/Designee for consensus, and a proposal will be developed by the Division Head for the Superintendent, who must submit it to the Board for approval. A list of the buildings and vehicles approved for retirement will be provided to Fiscal Services.

2. Fixed Assets costing \$9,999 and under:

Schools and IT Division departments will use the PeopleSoft Inventory Asset Disposition Form to retire items. Training and support will be given by LRS personnel to all school-based Library Technology and department staff to generate online form. Electronic signature will be signed by Principals and/or IT Division director authorizing the retirement. A copy of the signed online form will accompany assets and sent to the District Warehouse. Department of Fiscal Services will run monthly report of retired assets to update all areas of PeopleSoft system.

3. Fixed Assets originally purchased through Federal Formula Grants:

Prior approval from the granting organization must be obtained before retiring an asset purchased with federal formula grant monies if the cost exceeds \$5,000. The Department of Externally Funded Programs must be notified if an asset of this type is going to be retired. For competitive grants the purchased equipment belongs to the Funder as long as the project is in place. When the grant has been closed the equipment then becomes the property of the District. However, the District cannot sell the equipment or otherwise profit from its disposal. For non-competitive grants used to purchase technology equipment applied for by individual staff member, the assets belong to the School as long as the individual remains at that same building. If the individual moves to another District building, another District or retires, the technology equipment becomes property of the District IT Division.

B. Retirement of Obsolete or Broken, Non-repairable Assets:

To remove obsolete, broken or non-repairable (includes too costly to repair) items from inventory, the following procedures must be used:

1. Principals or Department Heads are to identify furniture, or other fixed assets, that are beyond repair, (or the repair cost is known to exceed the

replacement value) and the only value to the school system is to cannibalize the item for service parts.

2. School based LRS staff or IT staff are to identify technology assets that are obsolete or beyond repair.
3. Schools and IT will list assets using the PeopleSoft online Asset Disposition Form. Once the form has been electronically approved, assets will be picked up at site by the District Warehouse staff.
4. Other central administration departments will use the Fixed Asset Disposition Form (See Exhibit DID-E-2). One copy will be retained by the school / department, one copy will be retained by Warehouse staff, and a third copy will be sent to the Department of Fiscal Services for processing and adjustment of fixed asset records. Once the form has been signed and approved, the assets will be picked up by the District Warehouse staff.
5. Vehicle inventory addition and deletion records are maintained by the Transportation Department (Transportation). For vehicle dispositions, the form will be signed by the Transportation head and a copy of the Fixed Asset Disposition form will be sent to Fiscal Services. An annual inventory report is sent to Fiscal Services for reconciliation.
6. Obsolete items identified should be collected and sent to the Warehouse for disposition.
7. The Warehouse, Transportation, and IT departments have the authority to further divide the items listed into four categories:
 - a. Obsolete and dispose
 - b. Obsolete and cannibalize
 - c. Retain for repair
 - d. Reassign to another location

C. Retirement of Missing Assets:

If there are missing fixed assets, the following procedures should be used:

1. Conduct a thorough search of the premises for the missing item(s).
2. Review any sign-in/out logs and PeopleSoft Check-Out and Check-In systems on equipment and interview the person to whom each item was assigned concerning the asset's whereabouts.
3. Non-technology assets in schools and departments - When assets are missing and there is no suspicion of theft, the Department of Fiscal Services must be provided the Fixed Asset Disposition form (See Exhibit DID-E-2). The Principal or Department Head must sign the form and the Division Head must approve. Once the form has been approved, it will be

sent to the Department of Fiscal Services for processing and adjustment of fixed asset records. If the missing item is not found within a year, it will be classified as Disposed.

4. Technology assets in schools and departments – When theft is not suspected the schools and IT Division departments will fill out the PeopleSoft Online Disposition form. Once electronic signatures are completed the assets will be adjusted in PeopleSoft systems.

D. Retirement of Stolen Assets:

If any fixed asset is stolen, the following procedures should be followed:

1. Conduct a thorough search of the premises for the missing item(s).
2. Review any sign-in/out logs and PeopleSoft Check-Out and Check-In systems for the equipment and interview the person to whom the item was assigned concerning the asset's whereabouts.

Non-technology assets in schools and departments - When assets are suspected of theft, the Division Head and the Director of Security will be notified. The Security Department will complete a security incident report and keep the original on file. A copy of the report will be given to the school/administrative department, Risk Management and the Department of Fiscal Services.

3. The Department of Fiscal Services must be provided the Fixed Asset Disposition form (See Exhibit DID-E-2). The Principal or Department Head must sign the form and the Division Head must approve. If assets are grant purchased, the Director of Grants will be notified.

Once the form has been approved, it will be sent to the Department of Fiscal Services for processing and adjustment of fixed asset records. If the missing item is not found within a year, it will be classified as Disposed.

4. Technology assets in schools and departments – When theft is suspected, the Colorado Springs Police Department, Risk Related Activities and District Security departments are to be notified as well as IT. Once the asset is determined to be stolen. The schools and IT Division departments will fill out the PeopleSoft Online Disposition form. Once electronic signatures are completed the assets will be adjusted in PeopleSoft systems.

E. Disposition of Retired Assets:

Assets to be retired may or may not have salvage value. This will be determined by the person reviewing the request for retirement. Equipment will be processed through the Warehouse for disposition. Vehicle dispositions will be processed through Transportation.

1. Assets with salvage value:

- a. Assets with salvage value will be sold through a public auction, a sealed bidding process, or sales to individuals of items remaining after completion of the “public process” and prior to re-determination of the item as a “no salvage value item”. These sales are to be scheduled as necessary based on volume. Notices of scheduled sales will be placed in a newspaper with wide circulation in Colorado Springs, on the District’s web site, or both; at the discretion of the Division of Business Services.
- b. Asset(s) identified for auction must be inventoried and safeguarded until sold. Proceeds from the sale of these items will be revenue of the Capital Reserve Fund or fund of original purchase as required by CRS 22-45-112. A report enumerating the asset(s) sold and the proceeds from the sale will be prepared by the Department conducting the auction or sale under the direction of the Division of Business Services. A copy of the report will be given to the Department of Fiscal Services.

2. Assets with no salvage value:

If the District determines that assets are of no present or future value to any District location, the Division of Business Services or designee may donate these assets to any government entity or non-profit organization. If it is determined that an asset with no salvage value has no use then the asset may be sent to the warehouse for proper disposal. Tagged or Capital Items will be listed on an Asset Disposition form and provided to the Department of Fiscal Services in order to update the database.

3. Technology assets with salvage value:

- a. Assets with salvage value will be sold through competitive bids from technology refurbishing companies. Based on a list of assets compiled by the Director of Technical and Support Services. Bidding will be based on the lot of assets in its entirety. The warehouse will be the staging area for these assets and the point of pick up for the successful bidder.
- b. The refurbishing company will provide the following services:
 1. Level 2 data wipe on all hard drives
 2. Removal of District asset tags
 3. An excel spreadsheet audit of asset tags, serial numbers and model numbers provided to the District within 30 days of shipping

4. All shipping must be included at no charge to the District
 - c. Asset(s) identified for bidding must be inventoried and safeguarded until sold. Proceeds from the sale of these items will be revenue of the Capital Reserve Fund or fund or original purchase as required by CRS 22-45-112. A report enumerating the asset(s) sold and the proceeds from the sale will be prepared by the Technical and Support Services department conducting the sale under the direction of the Division of Business Services. A copy of the report will be given to the Department of Fiscal Services.
4. Technology assets with no salvage value:

If the District determines that technology asset(s) are of no present or future value to any District location, the Technical and Support Services department may donate these assets to any government entity or non-profit organization. If it is determined that an asset(s) with no value has no use then the asset may be sent to the warehouse for proper disposal. The proper disposal of Technology assets will incur a cost from the designated recycling company of record. Tagged items will be listed on an Asset Disposition form and provided to the Department of Fiscal Services in order to update the database.

III. TRANSFER OF ASSETS TO OTHER LOCATIONS

Because the fixed asset system tracks items by location, it is essential that transfers of items be recorded. All transferred assets must follow the procedures listed below:

- A. Non-Technology Assets - The Fixed Asset Disposition Form (See Exhibit DID-E-2) is to be completed before an asset is moved from one location to another. The Principal or Department Head must approve the transfer. A copy of this form should be sent to the receiving location and to the Department of Fiscal Services. The Department of Fiscal Services will adjust the fixed asset records accordingly, once the receiving school or department has verified the receipt of the transferred item.
- B. Technology Assets – All technology assets changing locations will be completed in the PeopleSoft Inventory system. IT and specified LRS staff are the staff with ability to change locations. Reports in PeopleSoft are run overnight and updated.

IV. ANNUAL PHYSICAL INVENTORY

- A. Annual Inventory:

An annual physical inventory is required by CRS 29-1-506(1). To maintain an accurate account of District possessions and comply with the law, an annual physical inventory of fixed assets must be taken. Schools and central administration departments including the Facilities, Operations and

Transportation Center are responsible for ensuring that fixed asset records are up-to-date. The procedure for the physical inventory is as follows:

The dates of the annual physical inventory will be established by the Department of Fiscal Services. Instructions on accomplishing inventory will be given by LRS staff for all schools and IT departments. Instructions for accomplishing the inventory and a printout of current fixed asset data will be sent to other central administration departments.

Electronic Inventory:

- School sites may inventory at any time in the first semester.
- Assets will be scanned with barcode reader into PeopleSoft Inventory by room and saved after each room completed.
- Staff will verify at each scan that all information is correct.
- Sites will run report of assets not scanned.
- Sites will locate assets on report and scan.
- If assets are missing, determination is made with Principals/IT Director of next steps and following Online Asset Disposition process.
- Complete updates to PeopleSoft systems are run

Paper Inventory:

Upon receipt of the printouts, the data presented should be updated and verified as follows:

- a. check data on printouts, verifying the information such as tag number, serial number and description of each item listed;
- b. verify whether the asset is still in use and is in a usable state. (If not, should it be considered for retirement?);
- c. correct errors, noting them directly on the printout;
- d. add to the listing any tagable assets which are present but do not appear on the printout, providing as much information as possible including description, tag and serial numbers, and cost;
- e. notify the Department of Fiscal Services of any transfers or retirements of fixed assets not previously reported on the Fixed Asset Disposition form (See Exhibit DID-E-2).
- f. The adjusted copy of the printout should be signed by the Department Directors and sent to the Department of Fiscal Services along with any pertinent forms, by the established due date. The use of signature stamps is not permitted.

B. Additional Physical Inventory:

Several situations exist whereby an additional physical inventory should be conducted.

1. Immediately following burglary:

After contacting the Security Department and Colorado Springs Police Department, a complete physical inventory of the suspected areas should be taken. In addition, personnel housed in surrounding areas should conduct a cursory inventory of their equipment. The security report should encompass all items discovered stolen or damaged.

2. During change of Principal or administrative department Head:

At the request of the Division Head another inventory (in addition to the regularly scheduled annual inventory) can be conducted by the incoming administrator. This procedure may be necessary in determining responsibility for the fixed assets at a particular location.

V. OFF-SITE USE OF DISTRICT ASSETS

- A. District Business Use:

Off-site use of District owned assets by District employees for business use is allowed subject to the following provisions:

1. an established need for off-site use;
2. completion of GBEE-E-1 and GBEE-E-2 - We use these exhibits with all school technology and LRS check out equipment;
3. approval by Principal/Department Head (immediate supervisor for Principal/Department Head);

Assets taken off-site become the responsibility of the requestor. Lost, stolen and damaged assets will be immediately reported to the individual's supervisor. If the District is unable to recover the cost of the assets, the requestor assumes liability for the replacement value of the asset.

- B. Electronic Device

Some electronic devices are individually assigned to itinerant employees by LRS; electronic devices that have been purchased with school or departmental funds will be used according to instructions as outlined above. Employees sign a contract (see Exhibit GBEE-E-2), and receive instructions which outline specifics for electronic device use. The contract also states that if the employee terminates employment, the electronic device must be returned to LRS before the last day of work. If the electronic device is not returned, the employee will reimburse the District for its replacement value.

- C. Personal Use:

Assets are not allowed to be taken off-site for personal gain or profit.

VI. AUDIT PROCEDURES

The Department of Fiscal Services has the authority to audit fixed asset records at any

time. Principals and Central Administration Departments will keep assets accounted for in a way that permits random spot-checks at each location. Irregular findings will be reported to the Principal/Department Directors Head, Division Head and Deputy Superintendent/Chief Financial Officer as deemed necessary by the Department of Fiscal Services.

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LEGAL REFS.: C.R.S. 29-1-506 (1)

CROSS REFS.: DID, General Fixed Assets
DID-E-1, Receipt for Donated Assets Form
DID-E-2, Fixed Asset Disposition Form
GBEE, GBEE-E-1, and GBEE-E-2, Technology Resources and Internet Safety Responsible Use for Staff
KCD, Gifts/Donations to Schools
GAAP Generally Accepted Accounting Principles (GAAP) refers to the common set of accounting principles, standards and procedures that organizations use to compile their financial statements. GAAP are imposed on organizations in order that stakeholders have a minimum level of consistency in the preparation of financial statements.