

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 School 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:

Newly capitalized fixed assets include items purchased and items donated to schools or departments by external sources that meet the capitalization requirements of section B.

B. Capitalization:

1. Assets that meet the capitalization criteria shall be capitalized for reporting purposes and included in the asset accounts of the District. Capitalized fixed assets are land, buildings and improvements, and equipment.
 - a. Land. The land account includes all land purchased or otherwise acquired. Demolition and landscaping that have a cost of \$25,000 or more are capitalized and carried in the land account.
 - 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 \$25,000 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 \$5,000 (\$1,500 or more for Enterprise Fund/Food Services); 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. Accounting Classification of Equipment:

1. As defined above, equipment with a value of \$5,000 or more (\$1,500 or more for Enterprise Fund/Food Services) will be capitalized and equipment with a value below those levels will not be 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.

D. Tagging:

1. All newly ordered capitalized assets will be delivered to the District Eleven Warehouse for tagging, inventory and shipment to the school/department unless prior approval for site shipment is obtained from the Director of Procurement/designee.
2. 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. To further ensure the tag number identification of each piece of audio/visual (AV) equipment, it should be scribed with the AV tag number. The equipment should also be given a district brand if doing so will not cause damage below the surface. Therefore, a lasting record is created.
3. If a new or donated asset is shipped directly to the school/department, site staff must call the Department of Fiscal Services for coordination of the asset tagging. Site staff will be responsible for physically tagging and marking the asset and communicating model and serial number to Fiscal Services.
4. Non-Capitalized Equipment:

There are some equipment items that do not meet the criteria for capitalization (\$5,000 or more in value, \$1,500 or more for the Enterprise Fund/Food Services) but the district has chosen to include them in the fixed asset inventory records for safekeeping purposes. These items have a value of \$500 - \$4,999 and are particularly susceptible to theft or loss. The following is a list of examples of non-capitalized equipment that will be tagged and tracked in the fixed asset inventory records:

 - a. Amplifiers

- b. Cameras
- c. Computers (desktop and laptop)
- d. Microphones
- e. Monitors (TV, Video, Computer, etc.)
- f. Players, audio/video (disc or cassette)
- g. Printers
- h. Projectors
- i. Receivers (TV, radio, 2 way radios, etc.)
- j. Recorders, audio/video (disc or cassette)
- k. Scanners
- l. Speakers

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

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.

F. Donated Assets:

1. Useful and needed assets donated to District Eleven are appreciated and eagerly accepted. The donor of these assets will be given a Donated Asset Receipt Form (Exhibit File: DID-E-1), stating the appropriate information. District Eleven will not accept responsibility for determining fair market value of assets less than \$5,000 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.
2. Donated assets will be carefully inspected for usefulness by appropriate district personnel; including the Information Technology Division for technology equipment or the Risk Management Department for safety purposes. The donation of equipment which has a fair market value greater than \$5,000 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 \$5,000 or less may be accepted without such approval, but the Principal must approve school site donations. As stated in Policy FILE: 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 too costly to maintain or operate.

II. FIXED ASSET RETIREMENTS

School principals/administrative department heads are responsible for identifying those assets that should be retired and notifying the proper division head (when applicable) and the Department of Fiscal Services. The Fixed Asset Disposition Form (Exhibit FILE: DID-E-2) may be obtained from the Department of Fiscal Services. The following procedures should be used for asset retirement.

A. Retirement of Usable Assets:

1. Fixed Assets with a cost of \$5,000 or more:
The Division Head/Designee will review each request and inspect the asset with a cost of \$5,000 or more to determine whether the asset should be retired and, if so, the appropriate method of retirement. Based on the Chief Financial Officer/Designee consensus, a proposal will be developed by the Division Head for the Superintendent, who must submit it to the School Board for approval.
2. 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.

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, equipment 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. Obsolete items identified should be collected and disposed on site or sent to the Warehouse for disposition.

3. These items should be detailed on the Fixed Asset Disposition Form (Exhibit FILE: DID-E-2). Once the form has been approved for pickup and signed by the Warehouse staff (for equipment), it will be sent to the Department of Fiscal Services for processing and adjustment of fixed asset records. Vehicle inventory addition and deletion records are maintained by the Transportation Department. For vehicle dispositions, the form will be signed by Transportation Department staff. Annually an inventory report is sent to Fiscal Services for reconciliation.
 4. The Warehouse/Transportation Department has 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 on equipment and interview the person to whom each item was assigned concerning the asset's whereabouts.
 3. When assets are missing and there is no suspicion of theft, the Department of Fiscal Services must be provided the Fixed Asset Disposition form (Exhibit FILE: 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.
- 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 for the equipment and interview the person to whom the item was assigned concerning the asset's whereabouts.
 3. Notify the Division Head and the Director of Security of any stolen equipment. 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.
 4. The Fixed Asset Disposition Form (Exhibit FILE: DID-E-2) must be signed by the Principal or Department Head and approved by the Division Head. Once the form has been approved, it will be sent to the Department of Fiscal Services for processing and adjustment of fixed asset records.
- 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 the Transportation Department.
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 Division of Business Services. A copy of the report will be given to the Department of Fiscal Services.
 2. Assets with no salvage value:
 - a. 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 destroyed or thrown away.

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. The Fixed Asset Disposition Form (Exhibit FILE: DID-E-2) is to be completed before an asset is moved from one location to another. The Principal or Administrative 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.
- B. 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.

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 Eleven possessions and comply with the law, an annual physical inventory of fixed assets must be taken. Schools and departments are responsible for ensuring that fixed asset records are up-to-date. The procedure for the physical inventory is as follows:

1. The dates of the annual physical inventory will be established by the Department of Fiscal Services. Instructions on accomplishing the inventory and a printout of current fixed asset data will be sent to Principals and Department Heads.
2. 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. validate 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 assets which are present but do not appear on the printout, providing as much information as possible (serial number if available);
 - e. notify the Department of Fiscal Services of any transfers or retirements of fixed assets not previously reported on the Fixed Asset Disposition form (Exhibit FILE: DID-E-2).
3. The adjusted copy of the printout should be signed by the Principal or Department Head 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. Perpetual Inventory:

To ease the burden of the annual physical inventory of fixed assets, a perpetual inventory (updated continuously) should be maintained by each school and department. The Department of Fiscal Services should be notified promptly whenever an item is transferred, lost, stolen, or missing its tag, or whenever an adjustment to a school or department inventory is made. If this practice is continuously implemented, the annual physical inventory will be a routine matter and the fixed asset system more accurate.

C. Additional Physical Inventory:

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

1. Immediately following burglary:

After contacting the Security 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 is essential 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 for business use is allowed subject to the following provisions:

1. an established need for off-site use;
2. completion of Off-site Use Form (Exhibit FILE: DID-E-3);
3. approval by Principal/Department Head (immediate supervisor for Principal/Department Head);
4. proof of insurance in case of loss.

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. Laptops:

Some laptops are individually assigned to employees by Learning Resources Services (LRS); laptops that have been purchased with departmental funds will follow instructions as outlined above. Employees sign a contract and receive instructions which outline specifics for laptop use. The contract also states that if the employee terminates employment, the laptop must be returned to the LRS before the last day of work. If a laptop is not returned, its replacement value will be deducted from the employee's final paycheck. If the employee has received the final paycheck and the laptop computer has not been returned the individual will be billed for the replacement value of the laptop.

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

Adopted: May, 1999

Revised: May, 2000

Revised: February, 2002

Revised: April 2007

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

CROSS REFS.: DN - School Properties Disposition

KCD - Gifts/Donations to Schools