



## **Policy 0803-10**

### **Accounting and Reporting of Fixed Assets**

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Accurate records of the cost of fixed assets will be maintained. The acquisition of fixed assets will be organized to ensure that no unauthorized purchases are made and that records of each purchase are accurate, complete and recorded in the appropriate period.

As used herein, the term "fixed assets" refers to the land, buildings, improvements, machinery, equipment, furnishings and other resources purchased or acquired by the district.

#### **SECTION A - General Responsibility for Fixed Assets**

School district personnel at all levels are accountable to the board of trustees for the safeguarding and the proper use of all fixed assets under their jurisdiction and/or control. District personnel are also responsible for accounting for fixed assets correctly, including ensuring compliance with Generally Accepted Accounting Principles (GAAP) and the Idaho Financial Accounting and Reporting Management System (IFARMS).

#### **SECTION B - Acquisition of Fixed Assets**

The purchase or acquisition of all fixed assets will be in accordance with all applicable federal, state, local and school district statutes, regulations and policies.

#### **SECTION C - Disposal of Fixed Assets**

The disposal of fixed assets shall be in accordance with all applicable federal, state, local and district Policy No. 803.20 titled Disposition or Sale of Surplus Property.

#### **SECTION D - Accounting and Reporting for Fixed Assets**

Accounting records for fixed assets will be maintained in such a manner as to provide information to promote sound fiscal management, to assess management accountability, and to assist interested parties with decision making.

The district's accounting system will make it possible to account and report for the fixed assets whose capitalized value equals or exceeds \$75,000 in conformity with generally accepted accounting principles and to determine and demonstrate compliance with legal and contractual provisions.

In accordance with the Governmental Accounting Standards Board (GASB), the District may capitalize assets that individually are below the capitalization threshold identified above, but when combined with other similar type assets these combined assets, are greater than 1% of the total approved District Budget for the year under audit.

In the event this situation occurs the District will apply the principles as defined in GASB and will be compliant with all the rules associated with this and Generally Accepted Accounting Principles. Annually district personnel will conduct a physical inventory of the fixed assets and compare the inventory to the accounting records.

## **FIXED ASSET CAPITALIZATION PROCEDURES**

Fixed asset procedures determine which items will be capitalized or expensed and the cost associated with the purchase and installation.

1. GENERAL FIXED ASSETS QUALIFICATION All fixed assets will:
  1. have a useful life greater than one year
  2. retain their original form with use
2. LAND Land will be capitalized in accordance with GAAP and IFARMS.
3. LAND IMPROVEMENT Costs incurred after the land acquisition to permanently improve the site will be accounted for in accordance with GAAP and IFARMS.
4. BUILDINGS All buildings will be capitalized and accounted for in accordance with GAAP and IFARMS.
5. BUILDING IMPROVEMENTS Building improvements will be capitalized and accounted for in accordance with GAAP and IFARMS.
6. EQUIPMENT Property with a useful life greater than one year, which retains its original form with use, and costs in excess of \$75,000. All equipment that falls into this group will be capitalized and identified.

Reference: Code of Idaho, GAAP, IFARMS