

Policy 802.04: Fixed Assets Management System

Status: ADOPTED

Original Adopted Date: 01/01/1989 | **Last Revised Date:** 10/28/2024 | **Last Reviewed Date:** 10/28/2024

To improve the District's oversight of fixed assets by assigning and recording them to specific facilities and programs and to provide for proof of loss of fixed assets for insurance purposes, the District shall establish and maintain a fixed assets management system for reporting capitalized fixed assets owned or under the jurisdiction of the District in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law.

A separate fixed assets listing shall be prepared for fixed assets in the general fixed assets account group (GFAAG) and for the fixed assets of each proprietary and fiduciary fund. "Fixed assets" in the GFAAG shall include District buildings and sites, construction in progress, improvements other than buildings and sites, land and machinery and equipment. "Fixed assets" in the proprietary funds shall include District buildings and sites, construction in progress, improvements other than buildings and sites; capitalized interest, infrastructure, land and machinery and equipment. Fixed assets reported in the financial reports shall include individual fixed assets with an historical cost equal to or greater than \$5,000. Fixed assets accounted for and reported in the proprietary funds shall be depreciated over the useful life of each fixed asset.

If an intangible asset that meets the threshold criteria is fully amortized, the asset must be reported at the historical cost and the applicable accumulated amortization must also be reported. It is not appropriate to "net" the capital asset and amortization to avoid reporting. For internally generated intangible assets, outlays incurred by the government's personnel, or by a third-party contractor on behalf of the government, and for development of internally generated intangible assets should be capitalized.

The district recognizes the importance of classifying leases of intangible assets as assets or liabilities in financial statements. When operating as a lessor, the district will recognize a lease liability and an intangible right-to-use lease asset. When operating as a lessee, the district will recognize a lease receivable and a deferred inflow of resources consistent with the requirements established in GASB 87.

The District recognizes a lease liability and an intangible right-to-use lease asset with an initial value of (\$5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date plus certain initial direct costs to place the asset in service. The lease asset is then amortized on a straight-line basis over the life of the lease.

The fixed assets management system shall be updated annually to account for the addition/acquisition, disposal, relocation/transfers of fixed assets. It shall be the responsibility of the board secretary to count and reconcile the fixed assets listing for the general fixed assets account group and for each proprietary and fiduciary fund with the fixed assets management system on June 30 each year.

It shall be the responsibility of the superintendent to develop guidelines implementing this policy. It shall also be the responsibility of the superintendent to educate employees about this policy and its guidelines.
