

The Watauga County Schools uses a county-wide uniform Fixed Assets Program (FAP) to:

- Account for lost or damaged property,
- Ensure that tangible assets are accounted for through an inventory control system,
- Deter theft and misuse of school property, and
- Provide valuable data to school officials which will aid in the budget process.

A capitalized fixed asset is property with a cost equal to or greater than \$5,000 and a useful life of two or more years. Capitalized fixed assets are acquired for use in normal operations and are not for resale. These assets may be subject to depreciation. Each capitalized asset is assigned a fixed asset control number, tagged with a barcode label bearing that control number, and entered into the FAP.

Assets costing below \$5,000 are expensed; they are not capitalized nor depreciated for financial reporting purposes. Assets costing from \$500 to \$4,999.99 are recorded for control purposes only. In addition, certain other listed assets costing less than \$500, specifically electronic equipment, graphing calculators, musical instruments, power tools, sound systems, and vacuum cleaners are recorded for control purposes only. These assets are classified as inventoried assets and are tagged and entered into the FAP as described above for capitalized assets. Even though inventoried assets are entered into the FAP, they are not recorded on the general ledger as a fixed asset.

A physical inventory of capitalized and inventoried fixed assets is taken to verify that assets recorded in the FAP are physically located in the schools and other WCS facilities. A physical inventory will be taken of fixed assets at least once a year, verified by the school principal or facility manager, and submitted to the Finance office.

Each fixed asset item is tagged with its own barcode tag; for example, if four iPads are acquired, a unique fixed asset control number and barcode tag is assigned to each those four iPads. Groups of similar assets acquired together are not grouped in the FAP.

Fixed assets containing separate physical parts (i.e. CPU, monitor and keyboard) are not considered one asset having one or more component parts. Each separate physical part is considered to be a separate asset and is individually evaluated according to the inventory/capitalization threshold in determining if it should be recorded on the FAP. If each separate asset exceeds the inventory/capitalization threshold, it is recorded in the FAP and receives its own fixed asset number and tag. The cost is the invoice price, not including tax, shipping, installation, or software costs, etc.

This cost must be allocated to each separate physical part of the asset. This allocation process is not necessary when the invoice lists a separate price for each item. When the invoice lists or groups all the items on the invoice as one lump sum price, the cost must be allocated to each item. The following example demonstrates the different methods of allocating and recording the total invoice price to the separate asset parts. The following example consists of a \$3500 personal computer (CPU, monitor and keyboard) invoiced as one line item.

Example: If the monitor costs approximately \$350 and the keyboard \$50, only the CPU at \$3100 would be recorded in the FAP and assigned its own fixed asset number and tag. The monitor and

keyboard would not be entered into the FAP because they each cost less than the \$500 threshold and are not on the list of assets costing less than \$500 that will be inventoried.

Donated assets should be recorded at their fair market value on the date donated. The fair market value is the estimated amount at which the asset would be exchanged between a willing buyer and seller when both parties have full knowledge of the facts and consider it an equitable exchange. In-house resources such as labor, materials, and supplies should also be included as part of the cost of the asset. Capitalize the costs as if outside sources were used.

Tagging assets is important to:

- Provide an accurate method of identifying individual assets,
- Aid in taking physical inventory,
- Control the location of all physical assets,
- Aid in maintenance of fixed assets records, and
- Provide a common ground of communication for the Finance office and asset users.

A block of fixed asset control numbers has been assigned to each school and WCS facility. For assets purchased and paid for through Central Office, the Finance Office sends the asset purchase information to the fixed asset personnel at the school or facility. The fixed asset personnel affixes a fixed asset barcode tag, adds serial and room number information to the fixed asset form, and returns the completed form to the Finance Office.

When an asset is purchased and paid for from school funds, the Bookkeeper and fixed asset personnel are responsible for tagging the asset, entering the asset purchase information on the “Locally-Acquired Equipment Report”, and submitting it to the Finance Office for addition to the FAP.

If possible, the barcode tags should be placed in an accessible place on the asset where it will not be subject to excessive wear or heat, preferably near the serial number plate.

When fixed assets are purchased using federal funds, additional reporting and recording standards apply. Federally-funded assets are tagged using fixed asset tag numbers, which also read “WCS - Federal” in a yellow bar across the top of the barcode tag. Federally-funded assets may not be disposed of or moved to another facility until after approval for such a move has been received from DPI. The current user must submit the appropriate Disposition & Transfer Form to the Finance Office and hold the asset until advised by the Finance Office that DPI approval has been received and the item may be moved or disposed of.

Once fixed assets are recorded in FAP, any adjustment to the values or useful lives requires authorization from the Finance office. When a fixed asset becomes unusable or unnecessary, the board of education shall declare such property to be surplus goods. Sale of surplus property shall be governed by state statutes.

#### Classification

According to the Governmental Accounting Standards Board (GASB), the classification of fixed

assets depends upon the funds used to purchase them:

"A clear distinction should be made between fund fixed assets and general fixed assets. Fixed assets related to specific proprietary funds should be accounted for through those funds. All other fixed assets of a governmental unit should be accounted for through the General Fixed Assets Account Group."

Legal Ref: GASB Sec 1400

Cross Reference: Policy 8350, Fixed Assets Inventory

Revised: March 21, 2016 (previously Board policy 6.04.10, Fixed Assets)