

Descriptor Term:

**DPA**

**CAPITALIZATION OF  
FIXED ASSETS**

ISSUE DATE: **8-19-96**

The Jackson County School District shall maintain detailed subsidiary records documenting the valuation (cost at date of purchase or fair market value at date of donation) of buildings and equipment under the General Fixed Assets Account Group for an item that costs at least \$500 and all highly walkable items. Highly walkable items will, at a minimum, include all televisions, videocassette recorders, cellular telephones, radio equipment, and overhead projectors. This is not an all inclusive list. Expenditures made for the renovation of buildings and major repairs to buildings that add square footage to the building shall also be capitalized.

The Jackson County School District will not depreciate assets accounted for in the General Fixed Assets Account Group since depreciation is not required by generally-accepted accounting principals. However, should the district account for assets in the Proprietary Fund Group, the straight-line method of depreciation will be used.

The district does not intend to capitalize interest on acquired assets since it is not currently required by generally accepted accounting principals.

The district will not capitalize infrastructure because it is not presently required by generally-accepted accounting principles.

The school district will use the following fixed asset classification.

**Land** - This includes all land owned by the school district.

**Buildings** - This includes all buildings owned by the district, such as school buildings, administration buildings, athletic field houses, gymnasiums, and portable classrooms.

**Improvements other than buildings** - This includes athletic fields, lighting, bleachers, and other improvements that cannot be directly associated with a particular building.

**Mobile equipment** - This includes all school buses and district-owned automobiles, trucks and vans. This classification also includes all lawn maintenance equipment, tractors, etc.

**Furniture and equipment** - This includes all furniture and equipment contained in the buildings of the school district that meet the asset capitalization requirements of the school district.

**Leased property under capital leases** - This includes all fixed assets that are being acquired under a lease/purchase agreement.

**Construction in progress** - This includes all buildings and facilities that are currently under construction.

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Data elements consist of identifying characteristics that will be recorded for all fixed assets. It is important that the school district initially identify the data elements to satisfy both internal and external reporting requirements. When applicable, the school district will capture the following required data elements for all fixed assets:

Major asset class
Acquisition date
Location Code (refer to SDE codes)
Identification tag number
Description, including serial and model numbers
Acquisition cost
Funding source
Check/purchase order numbers

The district will tag all fixed assets that are capitalized. It will not be necessary to tag automobiles, trucks, buses or real property. The district may desire to tag assets that are not capitalized. Tags will be different from those used for capitalized assets.

The tag for capitalized fixed assets will contain a number or bar code and the inscription Property of Jackson County School District (JCSD). In the addition to the tag, the inventory number and JCSD will be written on the property with a permanent marker when practical or engraved if necessary. All capitalized assets are to be properly tagged within a reasonable period of time after acquisition of that asset.

The school district will produce the following reports.

*Summary of fixed assets:*

This report is a fixed asset summary by major fixed asset classification that includes a summary of additions and deletions by major fixed asset classification. This report must be prepared in a monthly basis.

*Fixed asset additions:*

This report includes a detailed listing of additions by major fixed asset classification. This report must be prepared on a monthly basis.

*Fixed asset deletions:*

This report includes a detailed listing of deletions by major fixed asset classification. This report must be prepared on a monthly basis.

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*Detailed listing of fixed assets:*

This report is a detailed listing of all fixed assets by major fixed asset classification. This report must be prepared on an annual basis.

The school district business office will be responsible for maintaining the fixed asset accountability system. The business office will record fixed assets using paid invoices at the time of acquisition and will forward inventory tags to the Assistant Superintendents at each attendance center or appropriate Administrator/Director.

The business office will prepare inventory forms necessary to verify inventories annually. The Attendance Center Assistant Superintendents, Vocational Director, Food Service Director, Special Education Director, Transportation Director, Alternative School Director, Business Manager, Drop Out/Migrant Director, Accreditation/Federal Projects Director, or other administrators will be responsible for signing the physical inventory forms to verify the assets listed on the annual inventory that are in their custody.

The administrator who authorizes the purchase requisition will be assigned stewardship of the fixed asset and will be responsible for reporting all break-ins and thefts of properties to the Sheriff's office and will furnish a copy of the Sheriff's report to the school board.

Write-offs or other adjustments to the fixed asset accounting records, brought about as a result of the physical inventory, must be approved by the school board.

The school board will approve the disposition of properties which are no longer useable or needed by the district and any trade-ins of property used in the purchase of new property prior to any disposition or trade of property. The school board must declare equipment and vehicles surplus before they can be used for spare parts.