

Policy

BOARD OF EDUCATION
HORTONVILLE AREA SCHOOL DISTRICT

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ACCOUNTING SYSTEM FOR FIXED ASSETS

The Board shall maintain a fixed-asset accounting system. The fixed-asset system shall maintain enough information to permit the following:

- A. The preparation of year-end financial statements in accordance with generally accepted, accounting principles
- B. Adequate insurance coverage
- C. Control and accountability

The Business Manager shall be responsible for the development and maintenance of the fixed-asset accounting system. The Business Manager shall develop procedures to ensure compliance with all fixed-asset policies. Each supervisor shall be assigned fixed-asset responsibilities.

Fixed assets are defined as those tangible assets of the District system with a useful life in excess of one (1) year and initial cost equal to or exceeding the limit established pursuant to the Federal Grant Guidelines. Some items may be identified as “controlled” assets that, although they do not meet all fixed-asset criteria, are to be recorded on the fixed-asset system to maintain control. Fixed assets shall be classified as follows:

- A. Land
- B. Building
- C. Improvements other than building
- D. Machinery and equipment
- E. Furniture and fixtures
- F. Vehicles
- G. Plant (aerator)
- H. Underground lines
- I. Construction-in-progress

Fixed assets shall be recorded at historical cost or, if that amount is not practicably determinable, at estimated historical cost. The method(s) to be used to estimate historical cost shall be established by the Auditor.

The purchase of fixed assets, the transfer of fixed assets between buildings, and the disposal of capital assets shall be initiated by the supervisor and require the prior written approval of the Business Manager. An asset to be disposed by sale shall be done in accordance with Policy 7300-Disposition of Real Property or Policy #7310 – Disposition of Surplus Property.

In accordance with Generally Accepted Accounting Principles (GAAP), assets must be depreciated over their estimated useful lives and approved by the auditor.

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Accumulated depreciation shall be calculated on a straight-line basis and be recorded for general fixed assets. The following information shall be maintained for all fixed assets:

- A. Description
- B. Asset classification (land, building, equipment, etc.)
- C. Location
- D. Purchase price
- E. Vendor
- F. Date purchased
- G. Voucher number
- H. Estimated useful life
- I. Estimated salvage value
- J. Replacement cost
- K. Accumulated depreciation
- L. Method of acquisition (purchase, trade-in, lease, donated, etc.)
- M. Appropriation
- N. Manner of asset disposal

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