

FIXED ASSET/INVENTORY POLICY

Definition of Fixed Assets

The Huber Heights City School District Board of Education defines a fixed asset as tangible property, obtained or controlled as a result of past transactions, events, or circumstances, which is to be used in a productive capacity by the district for a period of more than one year.

To qualify for inclusion as a capitalized asset in the district's fixed assets system, the following criteria must be observed:

1. The asset must have a cost or dollar value of \$5,000 or more.
2. The asset must have a useful life exceeding one year or more.
3. The asset must be a tangible nature.

The district has determined that assets having a value under \$5,000, regardless of their useful life, will not be capitalized. As such, these assets will not be used for financial reporting purposes. However, assets having a value of at least \$150 but less than \$5,000 may be entered in the fixed asset inventory system for control purposes only.

Classification of Assets

The following categories of assets will be accounted for on the district's fixed asset system.

Land

Land is real property, which includes both the surface and content of the land. Land costs include not only the original contract price but also such related costs as liens assumed, legal and title fees, surveying, filing, grading, drainage, and other costs of preparation for the use intended. Land acquired through donation is valued at the appraised fair market value at the date of acquisition.

Land Improvements

Land improvements consist of land attachments with limited lives. These include chain link fences, football bleachers, etc.

Buildings

Buildings consist of structures erected above or below the ground for the purpose of sheltering persons or property. Building costs include construction and purchase costs and the cost of all fixtures permanently attached and made part of the building.

Equipment

Equipment includes property that is not attached to land, buildings, or improvements and that remains moveable. Included in this category are desks, file cabinets, etc.

Computers

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Computers include monitors, printers, etc.

Vehicles

Vehicles include all cars and trucks owned by the district. Vehicles are only those automobiles that are driven in the street. School buses owned/leased to purchase are considered district vehicles.

Construction in Progress

Construction in progress is used to account for expenditures accumulated at the balance sheet date relative to the construction of fixed assets. Expenditures include construction costs, contractor payments, interest costs incurred, and other costs required to finish the project.

Assets Excluded

Public domain infrastructure assets, including roads, bridges, curbs and gutters, streets and sidewalks, and similar type assets, are not included in the district's fixed asset system.

Depreciation

All capital assets are depreciated. Depreciation will be calculated using the straight-line method with a salvage value of 10% using the following estimated useful lives:

<u>Description</u>	<u>Estimated Life (in years) of Governmental and Business-Type Activities</u>
Land Improvements	20 years
Building Improvements	25 years
Buildings	100 years
Equipment/Furniture	10-20 years
Vehicles	10 years
Computers	5 years

Depreciation expense will be allocated to the different account functions by square footage based on the use for that particular building.

Physical Inventory - Accounting and Management

A periodic physical inventory is necessary for accountability and control. It confirms the reliability (or lack thereof) that can be placed on the fixed asset accounting system by verifying the actual existence of the items represented by the fixed asset records.

The Treasurer's office will distribute inventory sheets applicable to each building in the district to the respective administrator. This process will be done close to the end of the school year so that year-end figures are accurate. As the administrators turn in the inventory sheets with any corrections, corrections will be made to the fixed asset system.

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Supply/Material Inventory

Inventory is stated at cost, using the FIFO (first in, first out) inventory evaluation method. Inventory is determined by physical count. Inventory of government funds consists of expendable supplies held for consumption. The cost of supplies/materials has been recorded as an expenditure at the time the individual inventory items were purchased rather than when consumed. Reported inventory in these funds is equally offset by a fund balance reserve, which indicates they are unavailable for appropriation.

The measurement unit for inventory of like items in the same location is one hundred fifty dollars (\$150) or more. Total value of like items of less than one hundred fifty dollars (\$150) will not be inventoried. Items to be inventoried are assets whose estimated useful life is less than one (1) year and which generally change shape as used. Examples: paper, repair parts, workbooks, etc.

All areas with material inventory will be counted as near to the fiscal year end as possible. The administrator in charge of a particular area will be responsible for the physical count of their supplies and materials. Costs will be determined from invoice prices. It is the responsibility of the administrator to perform the physical count or to assign a person to perform those tasks. All inventory forms must be returned to the Treasurer's office as soon after June 30 as possible. Departments closing prior to June 30 shall do the inventory as of the last day of operation. Departments using a perpetual inventory computer program will use the program printout in lieu of other forms.

Adopted by Board: June 6, 1996
Adopted by Board: March 11, 2004
Adopted by Board: November 9, 2006