This is a proposed revision to current policy. Proposed language is indicated by underscoring. Language to be removed is indicated by strikethroughs. Original formatting has been omitted.

1425

FIXED ASSETS
Braxton County Board of Education

I. Purpose

The purpose of this policy is to establish the minimum requirements that are to be followed in managing capital assets of the Braxton County Board of Education ("Board").

II. Responsibilities & Requirements

The management, accounting, and reporting of capital assets is to be done in accordance with the procedures prescribed by the West Virginia Board of Education ("WVBE") and the West Virginia Department of Education ("WVDE").

A periodic physical inventory of all capitalized fixed assets shall be conducted at least annually. Each capitalized asset shall be assigned a unique identification number and affixed with a durable property tag at the time of acquisition. The results of each physical inventory shall be reconciled to the fixed asset records, and any discrepancies shall be investigated and reported to the Superintendent and the Board.

Fixed assets shall be recorded, capitalized, depreciated where applicable, and reported in accordance with generally accepted accounting principles, applicable Governmental Accounting Standards Board (GASB) pronouncements, and WVBE Policy.

~~Federal~~ Program directors and all school ~~Principals~~ administrators ~~are responsible for the control and security of the fixed assets assigned to the location or administrative unit for which they are responsible.~~ shall maintain custody records for the fixed assets assigned to the location or administrative unit for which they are responsible. No fixed asset shall be transferred, relocated, loaned, or removed from the premises without prior written authorization and a corresponding update to the property records.

The Treasurer ~~and Purchasing Director (or designated Fixed Asset Secretary) are~~ is responsible for:

- The monthly transfer of account activity to the fixed asset system and reconciliation.
- The supervision and coordination of the initial inventory.
- The fulfillment of the property record input function for all expenditures classified as land, buildings, equipment, and vehicles for both acquisitions and retirements.
- The timely creation of all asset reports.

III. Definitions

A. Buildings - ~~All buildings owned by the Braxton County Board of Education, such as school buildings, administration buildings, maintenance garages, warehouses, athletic facilities, and portable classrooms of $100,000.00 value~~. A structure that is permanently attached to

the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.

B. *Building Improvement* - Capital events to owned or leased property that materially extend the useful life, or increase the value of a building, or both. Improvements include not only structures, but also associated items, such as loading docks, heating and air-conditioning systems, and all other property permanently attached to, or an integral part of, the structure.

C. *Capital Assets* - Assets whose installed cost is greater than the capitalization level and whose useful life exceeds one year.

D. *Capital Leases* - ~~All fixed assets that are being acquired under a lease/purchase agreement.~~ A lease with contractual terms transferring substantially all benefits and risks inherent in ownership of the property to the Board. One or more of the four following criteria must be met, to qualify as a capital lease:

- By the end of the lease term ownership of the leased property is transferred to the State; or
- The lease contains a bargain purchase option; or
- The lease term is equal to 75 percent or more of the estimated useful life of the leased property; or
- The present value of the minimum lease payments (at the inception of the lease), excluding executory costs (usually insurance, maintenance, and taxes, including any profit thereon), is ninety percent (90%) or more of the fair market value of the leased property.

E. *Capitalization Level –*. ~~An asset whose original cost exceeds $5,000 on an individual basis or a donated asset whose fair market value exceeds $5,000 on an individual basis~~. The level at which capital assets are reported for financial statement purposes. All financial statements, including reports submitted to the West Virginia Department of Education, must use a capitalization level of $10,000 for all assets other than buildings and $100,000 for buildings.

F. *Construction in Progress* - All building expenditures for facilities under construction as of the accounting period ending date. Construction in progress is not depreciated until the related asset is completed and placed into service, consistent with applicable Governmental Accounting Standards Board pronouncements.

G. *Equipment*- Any instrument, machine, apparatus, or set of articles which meets all of the following criteria:
- It retains its original shape, appearance, and character with use;
- It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;
- It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it;

- Under normal conditions of use, it can be expected to serve its principal purpose for at least one year.

All furniture or equipment contained in the buildings whose original cost equals or exceeds the capitalization threshold of ~~$5,000~~10,000.00, including furniture and equipment acquired through a capital lease.

H. Land ~~- All land owned by the Braxton County Board of Education~~. Any improved or unimproved tract owned by the board including the cost of betterments, site preparation, and site improvements (other than buildings) that ready land for its intended use. Land is inexhaustible and does not depreciate over time.

I. Land Improvements - Any non-building improvement built, installed, or established to make land ready, enhance the quality of, or facilitate the use of the land for its intended purpose. Land improvements can be categorized as inexhaustible and exhaustible.

J. Vehicles - All school buses, automobiles, trucks, and vans owned or leased by the ~~Braxton County~~ Board ~~of Education~~ which exceed $~~5,000~~10,000.00.

IV. Asset Classifications

Capital assets shall be classified as follows:

A. Land
B. Land Improvements
C. Building
D. Building Improvements
E. Equipment
F. Vehicles

V. Legal

WVBE Policy 8100 *Handbook for School Finance in West Virginia*
WVBE Policy 8200 *Purchasing Policies and Procedures Manual*
West Virginia Department of Education Procedures Manual Capital Asset Management System
Braxton Action: 1.21.2002; _____