



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

PURPOSE

Establishing and maintaining a fixed asset accounting system is very important for all governmental entities. An adequate fixed asset accounting system allows for the proper presentation of fixed assets in the financial statements, efficient capital budgeting, and the overall safeguarding of fixed assets.

The Cumberland School Department has prepared fixed asset records of all of its departments. This policy has been designed to maintain the fixed asset records established by the District. The basic goals and objectives of this policy are to define and describe the standard procedures required to record and control the changes in the fixed asset records in accordance with Generally Accepted Accounting Principles. It is very important that those responsible comply with the procedures contained in this policy in order that the fixed asset records remain accurate and up to date.

This policy contains all required procedures that affect the fixed asset system, including capitalization procedures; required input forms, coding instructions, and all other related information. This policy is divided into sections. Section one addresses all the fixed asset system procedures. Sections two and three contain detail explanations of the fixed asset modification form and a legend of all code numbers used on these forms. This policy is an important tool to maintaining the fixed asset system.

If an asset is purchased using federal dollars, all the same rules of this policy still apply. The assets are tagged with specific serial numbers, the funding source identified, as well as the cost, acquisition date, location, and a physical inventory taken (at least every two years with assets purchased with federal funds). The Cumberland School Department complies with all applicable federal, state and local laws and regulations.

FIXED ASSETS

The Cumberland School District recognizes the need to establish a comprehensive fixed assets inventory program for control and custodianship over District assets.

Property records and inventory records will be maintained on land, buildings, and personal property owned by or under the control of the School District. Such records shall be updated periodically with physical inventories, purchases, donations, transfers, obsolescence and damage.

For purposes of this policy, personal property, such as machinery and other equipment, shall be inventoried if they have a useful life greater than one (1) year and meet either of the following criteria:

1. The value of the item is Five Thousand Dollars (\$5,000) or more; or,
2. The item is "theft sensitive."



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

“Theft sensitive” means that the item has been determined by the Business Office as easily portable, desirable for personal use, and easily marketable.

District personal property, which is inventoried in accordance with the above guidelines, will be identified with a tag providing appropriate district and property identification.

FIXED ASSET SYSTEM

Overview

The Cumberland School District maintains the records of the fixed assets in the Tyler Financial system. The system has the capability of preparing the necessary fixed asset reports for inclusion in the Town’s financial statements and also other administrative purposes. The GENERAL FIXED ASSET MODIFICATION FORM has been designed to allow for additions, disposal, transfers and changes made to the fixed assets to be entered into the system. Reports are available so that information needed to perform periodic physical inventories can be conducted.

Capitalization Policy

Capitalization means determining what to record and report as a fixed asset.

For purposes of this policy, personal property, such as machinery and other equipment, shall be inventoried if they have a useful life greater than one (1) year and meet either of the following criteria:

1. The value of the item is Five Thousand Dollars (\$5,000.00) or more; or,
2. The item is “theft sensitive.”

“Theft sensitive” means that the item has been determined by the Business Office as easily portable, desirable for personal use, and easily marketable.

Some exceptions to the Five Thousand Dollar (\$5,000.00) threshold are listed below:

Computers (CPU’s)	Fax Machines
Televisions	DVD Players
Electric Typewriters	Microfiche Machines
PDA’s	Copy Machines
Cell Phones	Printers
Uninterruptible Power Supplies	Routers/Switches/Hubs
Musical Instruments	



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

Note: Electronic equipment not mentioned above should only be recorded if its value exceeds Five Hundred Dollars (\$500.00).

Specifically exclude:

Calculators	Telephones
Air Conditioners	Keyboards
Computer Monitors	VCR's

Those items that cost more than Five Thousand Dollars (\$5,000.00) and are considered a consumable supply or inventory should not be capitalized. For example – paper, pens, books, etc. Major additions or betterments to existing fixed assets that extend its useful life should be capitalized. This addition could be shown as either an adjustment to the fixed asset already recorded or as a separate addition to the fixed asset records. Normal repairs that merely maintain the fixed asset's present condition should not be capitalized.

The following items are generally considered fixed assets that should be capitalized:

- Land
- Buildings – Primary and Secondary
- Motor Vehicles
- Computer Equipment and Accessories
- Furniture and Fixtures
- Machinery and Equipment (including capital leases)
- Construction in Progress
- Antiques

Infrastructure assets include street lights, sidewalks, underground piping, parking lots, curbing and other immovable assets. The Town of Cumberland records infrastructure assets.

Asset Transactions

The Business Manager shall assign responsibility for the Fixed Asset Administrator to an existing position (someone with the educational background to manage the process of managing a fixed asset system as complex as the districts). This person will be responsible for recording new assets, as well as their value, depreciating assets over the useful life of the asset and preparing the fixed asset modification form for all changes in the fixed asset records. These changes are described in detail below:



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

Additions

Donations / Purchases

Additions as a result of a donation should be communicated to the Fixed Asset Administrator and recorded on the fixed asset modification form on the day received. Additional pertinent information would include a gift letter and estimated fair market value at date of receipt. The Support Services Administrator is responsible to make sure all fixed assets are tagged and recorded in the Fixed Asset system.

Education Technology Department (Ed. Tech.) - This department will be responsible for tagging and recording computers and technology equipment. The department will be issued their own supply of fixed asset tags and modification forms. The department will then tag the fixed asset, fill out the modification form and then send to the Fixed Asset Administrator the modification form, copy of the purchase order, packing slip and invoice.

Lease purchase

Capital Leases will follow the same procedures as items purchased.

Transfers

Transfers of a fixed asset between departments are the responsibility of the Fixed Asset Administrator. The department transferring the asset must record on the modification form all of the information that appears on their fixed asset report for the asset being transferred. The Technology Department or the Fixed Assets Administrator will be the departments responsible for moving the asset. These departments will fill out a modification form when the asset is picked up and have either the Principal/Department head or their designee receiving the asset sign the form to verify that the asset has been received. Then, Technology or Fixed Assets Administrator will forward the original copy to the Business Manager and keep a copy for his/her records.

Adjustments and changes

Adjustments and changes to the information on the fixed assets records is the responsibility of the Fixed Assets Administrator and must be recorded on the fixed asset modification form. Examples of changes would be errors made in entering the original information, replacement of tags, and changes to the location of fixed assets, within departments. The modification form must contain, for all adjustments and changes, the tag number, transaction code, transaction date and the appropriate rows to which the changes are made.

Disposals

All disposals should be recorded on a fixed asset modification form and entered into the Fixed Asset database by the Fixed Asset Administrator. No item should be disposed of without notifying the Fixed Assets Administrator.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

Inventory and tagging

A physical inventory of each department's fixed assets is to be performed annually by the Fixed Asset Administrator and one other staff person within that department as designated by the department head. The physical inventory is to be as of a certain point in time and performed within one (1) month of that time.

The physical inventory is to be performed as follows:

1. The Fixed Assets Administrator is to supply each coordinator with updated fixed asset records for their department through June 30th each fiscal year.
2. The Administrator and staff personnel will trace every fixed asset in their department to the fixed asset record, verifying that all information is correct and that, where appropriate, a tag has been assigned to the asset.
3. For those items that do not appear on the fixed assets records or do not agree to the information recorded, a fixed asset modification form must be prepared indicating an addition, disposal, transfer or change to the fixed assets.
4. For those items that do not contain tags, because it was never originally put on or it fell off, the Fixed Assets Administrator must complete a Fixed Asset Modification Form indicating the change for a new tag number and enter the information in the Fixed Assets database.
5. The Fixed Assets Administrator must also investigate assets that appear on the fixed asset records that are not appearing as part of the inventory in step 2 above. If the asset has been transferred or disposed, a fixed asset modification form must be prepared for the transaction.

The Fixed Asset Administrator must keep in mind that the inventory is at a certain point in time and that any transaction between that date and the performance of the actual inventory might be different. It is the Fixed Asset Administrator's responsibility to frequently take a physical inventory of the departments on a surprise and sample basis in order to monitor the effectiveness and efficiency of the system.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

Valuation

This section addresses the values to assign to fixed assets and where to locate the data sources for these values. Generally Accepted Accounting Principles require governments to record fixed assets at historical cost or estimated historical cost. Historical cost is the actual or allocated cost of assets to the present owners. Historical cost is used for assets acquired by purchase. Assets acquired through contributions or donation must be recorded at fair market value on the date donated. Fair market value is the estimated amount at which the fixed asset might exchange between a willing buyer and willing seller.

There are several methods for determining historical cost of fixed assets. The first and most accurate method is the direct costing method, which involves examining the invoice or purchase order of the asset purchased and recording the total cost of placing the asset in service, including freight and installation fees. Although this method is quite simple and accurate, it is not always possible to obtain the original invoice or purchase order. Therefore, it is necessary to apply the normal costing method which is an estimate of original cost based on current replacement cost or appraisal. Replacement cost can be obtained from vendor catalogs, from communication with vendors, or from an outside appraiser. The replacement cost can also be estimated if the estimate can be reasonably calculated. For items such as Land, Buildings and underground piping, it is necessary to contact an outside appraiser to determine current replacement cost. For certain parcels of land and buildings, it may be possible to obtain the original cost from tax records in the Assessor's Office. However, improvements to this property may not be included and an appraisal may be necessary. In section IV for each asset classification there is an explanation of what costs should be included for each asset as well as what items should appear in each classification.

To determine fair market value, it is necessary at the time of donation or contribution, that the contributor supply the School District with a gift letter indicating the value of the asset being donated, which is the price the contributor would expect to receive if they had sold it. For those items which have a large dollar value, it might be necessary to have an appraiser determine the fair market value.

Tag Locations

OFFICE FURNITURE AND EQUIPMENT

1. Desks – inside knee well on the right pedestal
2. Tables – under top by right front leg
3. Chairs – back side under seat
4. Files – upper right hand corner by lock
5. Cabinets – upper right hand corner
6. Benches, sofas, etc. – under seat by right back leg
7. Credenzas – under top right side or right end close to top
8. Shelving units – upper right hand corner (where practical)



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

9. Bookcase – upper right hand corner
10. Display Cabinets – right corner of base
11. Appliances – upper right corner on side
12. Typewriters – on back in center
13. Calculators – on back by manufacturer ID plate or on bottom center
14. Televisions – on back by manufacturer's ID plate
15. Projectors – (movie) – by manufacturer ID plate
16. Tape and Cassette Recorders – by manufacturer's ID plate located either on back or underside
17. Slide and Film Projectors – by manufacturer's ID plate located on either back or underside
18. Cameras – on bottom
19. Telescopes – on bottom right side middle
20. Dictation Equipment – by manufacturer's ID plate on back or bottom
21. Posting Machines – by manufacturer's ID plate on back center
22. Check Signers and Protectors – by manufacturer's ID plate on back or bottom
23. Microfilm Equipment - by manufacturer's ID plate on back or bottom

COMPUTER EQUIPMENT AND ACCESSORIES

1. CPU Units – by manufacturer's ID plate on back or bottom
2. Monitors/Terminals - by manufacturer's ID plate on back (on flat center)
3. Word processors – on back in center
4. Computer Printers – on back near serial number
5. Copy Machines – on back near serial number of ID plate
6. Fax Machines - on back near serial number of ID plate
7. VCR's - on back near serial number of ID plate
8. Microfiche Machines - on back near serial number of ID plate

All other electronic or hi-tech equipment should be tagged on the back, near the serial number, on a flat clean surface.

OPERATING AND MAINTENANCE EQUIPMENT

1. Generators – by manufacturer's ID plate
2. Air compressors - by manufacturer's ID plate on side of base
3. Arc Welders – upper right hand corner on front panel
4. Oxygen/Acetylene Welders – on back of regulators
5. Pumps – on base or by manufacturer's ID plate
6. Hoist, Cranes, Winches - by manufacturer's ID plate or hoist section where accessible, where not, on main frame right side
7. Pipe Threaders - by manufacturer's ID plate on side of unit



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

8. Table Saws - by manufacturer's ID plate located on back side of base
9. Radial Arms Saws - by manufacturer's ID plate located on back right side of column
10. Drill Presses - by manufacturer's ID plate on side of head
11. Lathes - by manufacturer's ID plate on side of head
12. Power Hand Tools - by manufacturer's ID plate (try to affix tag in a location that does not interfere with operation and does not receive heavy wear)
13. Paint Sprayers - by manufacturer's ID plate on compressor
14. Spray Guns – on gun portion not exposed to heavy wear
15. Bands Saws - by manufacturer's ID plate on upper head
16. Jointer - by manufacturer's ID plate or back of joint table
17. Shaper - by manufacturer's ID plate or back of base
18. Planer - by manufacturer's ID plate
19. Sanders - by manufacturer's ID plate usually on base near controls
20. Workbenches – under top right side
21. Radial Drills and Boring Machines - by manufacturer's ID plate located on drill head
22. Vacuum Cleaners - by manufacturer's ID plate located on motor housing
23. Buffers/Grinders – on motor near manufacturer's plate
24. Floor Buffer/Scrubbers - by manufacturer's ID plate located on side of motor
25. Drafting Machines - by manufacturer's ID plate located on table clamp
26. Drafting Tables - by manufacturer's ID plate or under side of top right corner
27. Hydraulic and Mechanical Presses - by manufacturer's ID plate located on frame
28. Steam Cleaners - by manufacturer's ID plate located by controls
29. Metal Shears - by manufacturer's ID plate located on machine base back side
30. Metal Formers - by manufacturer's ID plate on back side of machine
31. Sand Blasters - by manufacturer's ID plate on base of unit

KITCHEN EQUIPMENT (APPLIANCES)

1. Mixers - by manufacturer's ID plate
2. Ranges – upper right side of range
3. Ovens – upper right side of oven
4. Food Warmers - by manufacturer's ID plate or upper right corner
5. Dishwashers - by manufacturer's ID plate or upper right corner
6. Slicers – Food - by manufacturer's ID plate or back side away from cutting blade
7. Choppers - by manufacturer's ID plate
8. Washing Machines – upper front corner of right panel
9. Dryers – upper front corner of right panel
10. Serving Counters – upper right corner on serving side
11. Refrigerators – upper front corner of right panel
12. Carts – on frame right side



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

LABORATORY AND TEST EQUIPMENT

1. Stills - by manufacturer's ID plate
2. Meters – on back panel
3. Centrifuges - by manufacturer's ID plate located in base
4. Spectrophotometers - by manufacturer's ID plate
5. Hardness Testers - by manufacturer's ID plate located by controls
6. Electronic Equipment - by manufacturer's ID plate located by controls
7. Power Supplies - by manufacturer's ID plate located on back
8. Lab Ovens and Dryers - by manufacturer's ID plate located on lower front panel
9. Sound Generators - by manufacturer's ID plate
10. Oscilloscopes - by manufacturer's ID plate located on front panel

AUTOMOBILE SERVICE EQUIPMENT

1. Wheel Balancers - by manufacturer's ID plate on base by controls
2. Wheel Alignment Units - by manufacturer's ID plate located on major component (i.e., Hunter Unit – located on cabinet)
3. Parts Cleaner - by manufacturer's ID plate on right side exterior
4. Power Lifts (Hydraulic, Electric, Pneumatic) - by manufacturer's ID plate on pump unit
5. Lubrication Equipment - by manufacturer's ID plate located on pump
6. Brake Service Equipment - by manufacturer's ID plate located on face of unit
7. Tire Changers - by manufacturer's ID plate located on base
8. Service Jacks - by manufacturer's ID plate located on base or center unit
9. Valve Refacers - by manufacturer's ID plate on unit
10. Valve Seat Grinder Sets - by manufacturer's ID plate located on major unit
11. Battery Chargers - by manufacturer's ID plate located on front or side panels
12. Engine Analyzers - by manufacturer's ID plate located on main unit
13. Distributor Tester - by manufacturer's ID plate located on main unit
14. Generator, Regulator Tester - by manufacturer's ID plate located on back panel
15. Dynamometers - by manufacturer's ID plate located on control
16. Paint Spray Booths - by manufacturer's ID plate located on right side panel



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

FORMS — CODING INSTRUCTIONS

Fixed Asset Modification Form — This form has been designed to account for all transactions that effect the Town's fixed asset records. It is very important that each section of the form be completed, unless instructions indicate otherwise. The form should be filled out neatly and accurately, preferably in ink. Below are complete instructions on how to fill out this form. A copy of the fixed asset modification form is included at the end of this section and each section has been numbered for easy reference to the instructions below.

1. TRANSACTION TYPE - This code is used to indicate the type of fixed asset transaction.
 - a. Acquisitions — includes the purchase of new as well as used assets, all donated assets and assets acquired through capitalized leases or construction.

Fill in the following shaded numbers on the Modification Form:

1a, 2,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,22,25

- b. Transfers — the movement of an asset from one department to another. This is for permanent transactions, not for temporary borrowing of an asset.

Fill in the following shaded numbers on the Modification Form:

1b, 2, 3,4,5,6,7,8,9, 10,11,12,13,14,15,25

- c. Adjustments and changes — are changes or adjustments to the original fixed asset records for any one of the following: error in original entry to system, correction or adjustment to description or location, replacement of tag numbers, etc.

Fill in the following shaded numbers on the Modification Form:

1c, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 25

- d. Disposals — are assets sold, traded in, scrapped, destroyed or in a way removed from service or use. Enter the Disposal Code.

Fill in the following shaded numbers on the Modification Form:

1d, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 25

2. ADDITIONAL INFORMATION — This field is reserved for any information that may be pertinent to the asset that is not specifically asked for in any other field.
3. ASSET TAG NUMBER — This section is used for Transfers, Disposals and Adjustments to identify the asset in the districts fixed asset system. This will not be required for Additions because that will be assigned by the Fixed Asset Administrator.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

4. DEPARTMENT NUMBER — A number has been assigned to each location to indicate which department has been effected by a fixed asset transaction. This number will be the same as the department budget number. This code must be filled out for all transactions.
5. DEPARTMENT NAME — Enter the department name here. This code must be recorded for all transactions.
6. NAME OF DEPARTMENT HEAD - The name of the Department head or designee must be recorded for all transactions.
7. BUILDING NAME - The building name where the asset is located is recorded in this section. Example – BF Norton School, School Administration Building, etc.
8. PLAT AND LOT NUMBER - This field is only to be used for transactions involving Land and Buildings.
9. ADDRESS - The address of the building where the asset is located is recorded in this field. This field must be recorded for all transactions.
10. ROOM NUMBER - The room number of the building where the asset is located is recorded in this field, if applicable.
11. ASSET DESCRIPTION AND MODEL NUMBER - The description of the asset is very important because it helps in identifying specific assets. As much information that is available on the asset that can legibly be written in this column should be included.
12. MANUFACTURER - The name of the manufacturer of the asset belongs in this field. This field is not applicable for Land or Buildings, however, is required for all other assets and transactions.
13. SERIAL NUMBER - The asset serial number is recorded in this field. This is required for all assets that have a serial number.
14. VIN NUMBER - This field is for the vehicle identification number and is required for all vehicles.
15. LICENSE PLATE NUMBER - Required for all registered vehicles.
16. DATE ACQUIRED - The original date an asset is purchased by or donated to the District must be recorded in this row. If the exact date is not known, an estimate of the month and year, or just year may be entered. If an estimate cannot be made N/N (not known) must be entered. This row must be completed for acquisitions only.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

17. **CONDITION** — The condition of the asset is entered in this field. This is required for all transactions. The description is limited to three responses.

1. NEW 2. FAIR 3. OLD

18. **PURCHASE ORDER NUMBER** - This row is completed with the purchase order number used when the fixed asset was originally acquired. It should be completed for all fixed assets purchased that require a purchase order.

19. **ASSET COST** - This field includes the historical cost or estimated historical cost or if not available, the fair market value. This row must be completed for all additions.

20. **ACQUISITION CODE** - This field is used to identify how the asset was acquired. It must be included for all additions.

21. **VALUATION CODE** - This field is used to identify how the asset was valued. It must be included for all additions.

22. **FUNDING SOURCE** - This field is used to identify the fund that is funding the purchase of the asset. This column will only be completed for fixed asset additions.

23. **CLASS CODE** - This code is used to indicate the classification of the asset. This field must be completed for additions, transfers, disposals, and for changes if the asset is to be reclassified.

24. **PLACE TAG HERE** — All assets will be assigned a tag number, issued in duplicate. This tag is adhesive. When an asset is tagged, one of the tags will be affixed to the asset, while the other tag will be affixed to this form.

25. **PREPARED BY:** - This field is to be signed by the department head or the Fixed Asset Administrator. This field is required for all transaction types.

26. **PLACE 2ND TAG HERE** - If the asset cannot be physically tagged, for example — Land, Buildings, Standard classrooms, Animals, etc., then this tag will be affixed here. Therefore, both tags will be affixed to this form.

27. **APPROVED BY:** - This field is to be signed by the Support Services Administrator when this form has returned and reviewed for completeness. This field is required for all transaction types.

The Fixed Asset Administrator is responsible for keeping on file all the original fixed asset modification forms.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

ASSET CLASSIFICATION CODES

LAND – includes all land purchased or otherwise acquired by the City. Purchased land should be recorded at cost and donated land at fair market value. All costs for legal services incidental to the acquisition and other charges incurred in preparing the land for its use should be included in the cost. If rights of way, easements, and leaseholds are recorded in this account, it should be noted separately in the description column.

Tax deeded property is not considered a fixed asset.

If land and building are acquired together, the value of the land should be determined and recorded separately from the building.

BUILDINGS – includes all buildings purchased, constructed or donated to the School District. The value of all buildings is the purchase price or construction cost. Donated buildings are valued at fair market value. The cost should include all charges applicable to the building, including broker's architect's fees and interest on borrowed money during construction. Additions and improvements to buildings, as well as the cost of heating and ventilating system or other permanently attached fixtures, should be added to the building account.

IMPROVEMENTS OTHER THAN BUILDINGS – this account should be used to record such items as some infrastructure (e.g., parking lots, sidewalks) and site improvements (e.g., fences). Subclasses often are determined by type of improvements. Usually, values can be recorded on a "cost-of-construction bases." Items not included are landscaping, demolition, land acquisition, which is included in the land section, and movable equipment such as picnic tables are included in the equipment classification.

MOTOR VEHICLES – includes all automobiles, trucks, vans, buses and other vehicles of transportation, excluding those that are considered heavy equipment, such as bulldozers and backhoes. These assets would be classified under machinery and equipment. The cost assigned to motor vehicles is the purchase price or fair market value if donated.

MACHINERY AND EQUIPMENT – includes all machines and equipment that do not lose their identity when removed from their location and are not changed materially in use. The types of assets that are classified as machinery and equipment included the following: generators, power tools, lawn mowers, bulldozers, refrigerators, etc. These assets are recorded at cost including freight, installation and other charges incurred to place the asset in use. Donated assets are recorded at fair market value.

COMPUTER EQUIPMENT – includes all CPU's, monitors, terminals, modems, printers, hard drives, power supplies, backup units, etc. These items are to be tagged separately. Keyboards are not recorded. Computer equipment is recorded at purchase price or fair market value if donated.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

FURNITURE AND FIXTURES – includes furniture such as desks, chairs, file cabinets, tables, etc. Fixtures are items that are permanently attached to the building, such as built-in shelves, counters, light fixtures, etc. These assets are recorded at cost or fair market value if donated.

CONSTRUCTION IN PROGRESS (CIP) – this account should be used when a government reports amounts expended on an uncompleted building or other capital construction project. When the project is complete, the cumulative costs are transferred to another appropriate fixed asset account.

ANTIQUES – antiques should be recorded at cost or fair market, if donated. If cost is not available fair market value or replacement value may be used.

ACQUISITION CODE

Code

- 9. INITIAL INVENTORY 6/30/09 – this should be used only for the initial inventory, when the acquisition method is unknown.

- BON GENERAL OBLIGATION BONDS – proceeds from issuance of serial bonds, statutory installment bonds, bond anticipation notes or capital notes.

- BUD BUDGETED EXPENDITURE – funds provided from specific budgeted operating funds.

- DON DONATIONS – monies or property received from owners.

- MAS MASTER LEASES – funds are provided by Master Lease.

- FED FEDERAL AID GRANTS – grants provided to the government by the federal government and used for the purchase or construction of fixed assets.

- STA STATE AID GRANTS – grants provided to the government by state government and used for the purchase or construction of fixed assets.



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

VALUATION METHODS

Codes

PUR PURCHASE PRICE/HISTORICAL COST – the actual or allocated cost of assets to the present owners.

EST ESTIMATED HISTORICAL COST – there are several methods to estimate the original cost of a fixed asset.

- A. **DIRECT COSTING** – the use of actual original costs obtained from an invoice or other source documents.
- B. **STANDARD COSTING** – use an estimate of original cost using a known average installed cost for a like unit at the estimated acquisition date.
- C. **NORMAL COSTING** – an estimate of original cost based on a current cost of reproduction new, indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired.

INS INSURABLE VALUE – the property covered by insurance in accordance with the terms of the insurance policy or other agreement. The standard insurance policy provides indemnity for the replacement cost or actual cash value.

MKT FAIR MARKET VALUE – the price determined by a willing buyer and a willing seller under conditions of a fair sale.

FUNDING SOURCES

In order to report the manner in which the fixed assets were acquired, the credit side of GFAA (i.e., investment in general fixed assets) should be classified according to the source of the resources used for their acquisition.

Code

201 INVESTMENT IN GENERAL FIXED ASSETS – SPECIAL REVENUE SCHOOL

CAP INVESTMENT IN GENERAL FIXED ASSETS – CAPITAL PROJECTS

DON INVESTMENT IN GENERAL FIXED ASSETS – DONATIONS

FED NON-LOCAL PURCHASE

LEA INVESTMENT IN GENERAL FIXED ASSETS – MASTER LEASES



Cumberland School Department Policy Manual

FISCAL MANAGEMENT

D

FIXED ASSET

D-1

DISPOSAL METHODS

Code

SLD Sold

DON Donated

LST Lost or stolen

JNK Junked (thrown away)

TRD Traded

First Reading by School Committee: October 14, 2010

Second Reading and Approval by School Committee: October 28, 2010

Amended and Approved by Policy & Procedures Sub-Committee: February 7, 2017

Amendments Approved by Cumberland School Committee: February 23, 2017