

## **I. Policy Statement**

As a part of its obligation to publicly account for the resources dedicated to the education of students of the Howard County Public School System (HCPSS), the Board of Education of Howard County is responsible for compiling and reporting information on the system's fixed assets to the county government as part of its annual financial statements. These assets, the tangible items that typically have significant value, include property, facilities, and other assets that make up and enhance the physical environments for students and staff. Therefore, the HCPSS must establish and maintain control over these items.

## **II. Purpose**

The purpose of this policy is to ensure that the Board's fixed assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, auditor requirements, and applicable accounting pronouncements. This policy also addresses the following issues related to fixed assets:

- General provisions about the property management system used to account for and control these assets
- Ownership of the Board's fixed assets
- Assignment of responsibility and accountability for fixed assets
- Capitalization thresholds for fixed assets.

## **III. Definitions**

Within the context of this policy, the following definitions apply:

- A. Fixed Assets – A resource that meets all the following criteria:
1. Is tangible in nature
  2. Has an extended useful life of at least one year
  3. Is not a repair part or supply item
  4. Has an acquisition cost of \$5,000 or more.

Items meeting the fixed asset criteria are classified by major categories, such as:

1. Land
2. Buildings
3. Improvements to sites and facilities
4. Furniture and fixtures
5. Machinery and equipment
6. Construction-in-progress
7. Vehicles.

- B. Fixed Asset Management System – A system of procedures to account for and report on the acquisition, depreciation, transfer, and disposal of all fixed assets.

#### **IV. Standards**

- A. The HCPSS Fixed Asset Management System will maintain control and ensure accountability of fixed assets.
- B. The Fixed Asset Management System will track and monitor the movement of all fixed assets from one location to another.
- C. The Fixed Asset Management System will use sequentially numbered tags either affixed to or assigned to all fixed assets as appropriate.
- D. All newly acquired fixed assets are to be marked upon receipt and acceptance labeled to identify the asset as HCPSS property.
- E. All fixed assets will be disposed of in accordance with Policy 4080 Disposition of Property.
- F. The principal/account manager/designee of each school or location:
1. At least annually conduct a review of the fixed assets located in his/her school or location.
  2. Notify the Accounting Office and other appropriate school system staff of any items that are either missing or not included in the Fixed Asset Management System inventory.
  3. Implement a process for safeguarding and monitoring the use of fixed assets by staff and students.
- G. The Accounting Office will coordinate a physical inventory of Board assets every three years.

- H. The Accounting Office will coordinate a review of fixed assets at least annually.
- I. The Accounting Office will produce and distribute annual fixed asset reports.
- J. Information on the fixed assets of the school system will be incorporated into the annual audited financial statements and the Comprehensive Annual Financial Report provided to the Superintendent and the Board.

**V. Compliance**

- A. The Accounting Office is responsible for the maintenance of the Fixed Asset Management System.
- B. The Chief Financial Officer is responsible for compliance with the regulations and procedures of this policy.
- C. The Chief Financial Officer has overall responsibility for the Fixed Asset Management System.
- D. The principal/account manager/designee is responsible for their school/program compliance with this policy and its procedures.

**VI. Delegation of Authority**

The Superintendent is authorized to develop appropriate procedures to implement this policy.

**VII. Reference**

- A. Legal  
Annotated Code of Maryland, Education Article, § 4-115
- B. Other Board Policies  
Policy 4050 Procurement of Goods and/or Services  
Policy 4080 Disposition of Property
- C. Other  
Government Accounting Standards Board Statement 34, Basic Financial Statements for State and Local Governments  
Fixed Asset Transfer/Disposal Form (FIN-Form 240)

ADOPTED: November 26, 2002  
AMENDED: May 12, 2011  
EFFECTIVE: July 1, 2011

**I. Acquisitions**

- A. The Accounting Office, using the Fixed Asset Management System, will account for and record all new fixed assets.
- B. The Accounting Office will assign a fixed asset number to all fixed assets. Numbers will also be assigned to land, buildings, and improvements other than buildings.
- C. The Accounting Office will enter the following information for each addition into the Fixed Asset Management System:
  - 1. The year of acquisition
  - 2. The cost of the acquisition
  - 3. The assigned fixed asset tag number
  - 4. A description of the item including make, model, and serial number if applicable
  - 5. Location.

**II. Transfers**

- A. The principal/account manager/designee of each school or location is responsible for the physical accounting and reporting of the transfer of all fixed assets to/from another location.
- B. Each time a fixed asset is transferred from one location to another, the following information will be reported on FIN-Form 240, Fixed Asset Transfer or Disposal Form:
  - 1. The item's fixed asset number
  - 2. A description of the item, including make, model, and serial number.
- C. A copy of FIN-Form 240 Fixed Asset Transfer or Disposal Form will be sent to the Accounting Office.
- D. The Accounting Office will record the appropriate information in the Fixed Asset Management System.

**III. Disposals**

- A. The principal/account manager/designee of each school or location is responsible for the physical accounting and recording of the disposal of all fixed assets.
- B. The principal/account manager/designee of each school or location will provide to the Accounting Office the following information for each disposal of a fixed asset from the Fixed Asset Management System on FIN-Form 240, Fixed Asset Transfer or Disposal Form:
  - 1. The item's assigned fixed asset number
  - 2. A description of the item, including make, model, and serial number
  - 3. Location.
- C. The Accounting Office will calculate the appropriate depreciation for the item and record the information in the Fixed Asset Management System.

**IV. Reporting**

- A. At least annually the Accounting Office will coordinate a review of all the HCPSS fixed assets.
- B. At least once every three years, the Accounting Office will coordinate a physical inventory of all HCPSS fixed assets.
- C. Information on the fixed assets of the school system will be incorporated into the annual audited financial statements and the Comprehensive Annual Financial Report provided to the Superintendent and the Board.

ADOPTED: November 26, 2002

AMENDED: May 12, 2011

EFFECTIVE: July 1, 2011