

Descriptor Term: INVENTORIES	Descriptor: DID	Issued: DRAFT
	Rescinds: DX	Issued: 5/9/89*

Fixed assets are those assets of a long-term character which are intended to be held or used by the school district. The definition generally includes land, buildings, improvements other than buildings (infrastructure), construction in progress and equipment. The importance of developing and maintaining a complete and accurate accounting of fixed assets cannot be emphasized too strongly. Adequate accounting procedures and records for fixed assets are essential to the protective custody of government property. The value of fixed assets for all local governments, regardless of size, is substantial and usually far greater in value than current assets. The responsibilities involved in safeguarding such large investments of government resources is required for sound financial administration, and this responsibility can be effectively discharged only through adequate fixed asset accounting.

In addition to protective custody of government's property in its entirety, a good system of fixed asset accounting permits fixed accountability for custody and proper use of specific fixed assets on individual public officials and makes possible the proper management of fixed assets. An accounting of fixed assets is a prerequisite to the preparation of satisfactory and complete financial reports. An annual financial report of a local government without complete and accurate fixed assets information does not meet the test of full disclosure, and to that extent is deficient.

Therefore, all fixed assets with a useful life of more than one year and with an acquisition price ~~\$500.00~~ 1,000 or more shall be capitalized.

LEGAL REFERENCE: Public School District Financial Accounting Manual

*Also rescinded: DID – Inventories dated 6/23/98
 DID – Fixed Assets Responsibility dated 12/10/96
 DHC – Inventories dated 3/16/87