

Chapter Twelve: Fixed Assets

A. Policies

Overview

A “fixed asset” is an item purchased that is expected to have a useful life of more than one (1) year. Purchases of these items are called “capital purchases”. Capital purchases are expensed in full in the year the asset is purchased. Schools participating in the Wisconsin Parental Choice Program (WPCP) are required to have a Capitalization Policy (see **Appendix WPCP**). If a fixed asset purchase meets the capitalization threshold set in the WPCP Capitalization Policy which is \$5,000, the purchase should then be recorded in GL 8011. This entry allows the purchase to be expensed in full in the year of purchase and serves as a “holding general ledger account” for the WPCP auditor. An adjustment to the WPCP GAAP Audit to capitalize and depreciate these purchases will be made by the auditor

For insurance purposes, it is necessary to keep a list of all fixed assets and their replacement value. To accomplish this and to keep the list accurate, an annual physical inventory of fixed assets is required.

Purchasing Policies

When a fixed asset is purchased, normal procurement policies are followed, as established in **Chapter 6 – Cash Disbursements**. A Purchase Order is required.

Receiving Policies

When a fixed asset is received, normal receiving policies are followed, as established in **Chapter 6 – Cash Disbursements**. In addition, the item should be tagged as a method of identification. See **Section B** for further information.

B. Tagging Procedures

Fixed assets should be marked with an identifying number during the receiving process. Tagging assets in this manner allows for an accurate physical inventory to be taken every year. Each school is issued a different series of tags. A custodian in charge of tags has been appointed at each school. It is his/her responsibility to insure that tags are issued in numerical order and that all are accounted for. See **Section D – School Specific Procedures** for a list of schools, the custodian, and the corresponding series of tags.

In addition to normal receiving procedures outlined in **Chapter 6 – Receiving**:

Requisitioner

1. Obtain the next tag in sequential order from the custodian.
2. Affix the tag in a prominent location on the item.
3. Write the tag number used on the packing slip or Purchase Order before forwarding to the Central Office.

Custodian

4. Log the tag number and the person receiving the tag.

Central Office

5. Process the payment for the fixed asset according to normal cash disbursement procedures.
6. Enter the fixed asset into the detail fixed asset records, including the tag number, the location, the description and the value of the item.

C. Detail Fixed Asset Records

In the event of fire or other disaster, it is imperative that a current list of items contained in each building, along with their date of purchase and approximate value, is available. For that reason, a fixed asset inventory (detailed records) is maintained.

Responsible Personnel

It is the responsibility of all school personnel who have authority to make purchases on behalf of the school system to maintain adequate control over physical assets. Any changes to school property under their control must be communicated immediately to the Central Office so that the detailed records can be updated. This includes additions, disposals or transfers of fixed assets. (See Appendix A for a form example.)

For control and security purposes, the fixed asset inventory is maintained offsite by the Central Office. It is recommended that a database or electronic spreadsheet such as Microsoft Access or Excel be used to maintain these records.

Asset Additions

Additions to the fixed asset records take place through the tagging procedures outlined in the previous section.

Asset Transfers

Transfers between buildings must be communicated immediately to the Central Office via written communication.

Asset Disposals

Asset retirements (disposal through sale, obsolescence, etc.) must be communicated immediately to the Central Office via written communication. Proceeds from the sale of an asset must be recorded.

1. The journal entry for proceeds received on the sale of an asset is:

Cash	XXX
Other Income (Gain on Sale)	XXX

Donated Assets

Donated assets must be communicated immediately to the Central Office via written communication. In addition to a description of the item, an estimated fair market value (replacement value) should be included in this communication. If material in value, donated assets are recorded in the general ledger and are added to the detail fixed asset records.

See Appendix A for an example of an Asset Transfer/Disposal/Donated Form.

Physical Inventories

The objectives of a physical inventory are to ensure that the fixed assets recorded in the detail records physically exist, to determine whether unrecorded assets exist, and to identify any excess, defective, or obsolete assets on hand. When inventorying assets, it is important to segregate parish-owned assets from school-owned assets. Parish-owned assets are not to be included in the listing because the school does not insure these assets.

Central Office

1. At each fiscal year end, forward a fixed asset listing to each Principal.

Principal

2. Verify the existence of each item on the list, updating information, if necessary.
3. Add items not on list.
4. Sign and forward to the Central Office.

Central Office

5. Update the detail records.
6. Forward a list of fixed assets to the Office of Catholic Schools, Coordinator of System Finance.

D. School Specific Procedures

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