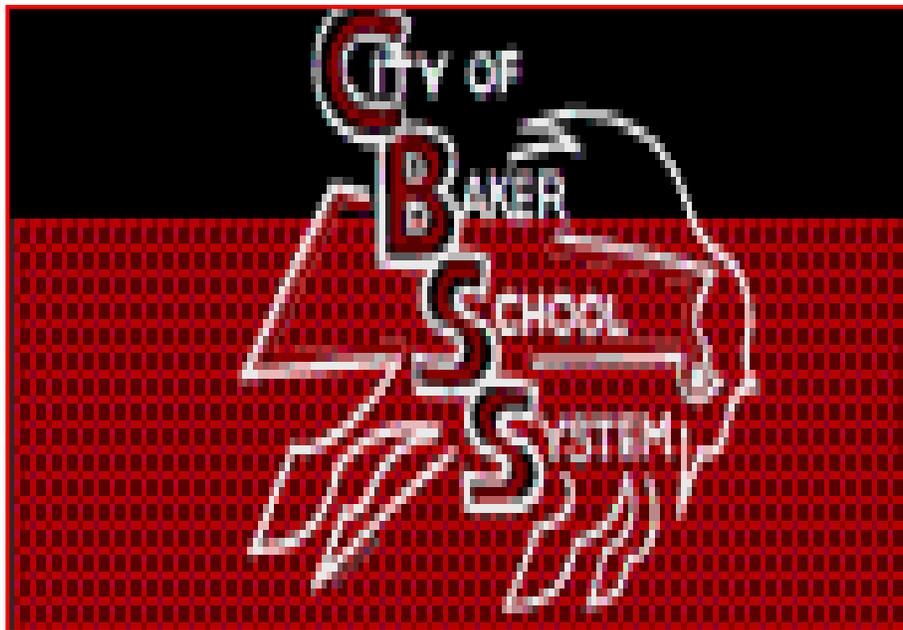


Capital Asset Manual



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Table of Contents

Section 1 Introduction and General Administration

- 1.1 Purpose of the Manual
- 1.2 What are Capital Assets?
- 1.3 Valuation of Capital Assets
- 1.4 Policies for Capital Assets
- 1.5 Responsibility of Capital Assets
- 1.6 Safeguarding Inventory Records
- 1.7 Responsibility to Report Violations
- 1.8 Audit of Records

Section 2 Acquisition of Capital Assets

- 2.1 Capital Assets Purchased Through the City of Baker School System Procurement Officer
- 2.2 Capital Assets Purchased With Student Activity Account Funds
- 2.3 Donated Capital Assets

Section 3 Tagging of Equipment

Section 4 Updating Capital Assets

- 4.1 Addition of Capital Assets
- 4.2 Removal or Disposal of Capital Assets
- 4.3 Obsolete of Capital Assets
- 4.4 Missing or Stolen Capital Assets
- 4.5 Transfer of Assets
- 4.6 Special Education Capital Assets
- 4.6 Use of Capital Asset Offsite

Section 5 Inventory of Capital Assets

- 5.1 Annual Inventory
- 5.2 Textbook and Library Books

Section 6 Capitalization and Depreciation of Capital Assets

- 6.1 When Is a Capital Asset Capitalized and Depreciated
- 6.2 Method Used to Calculate Depreciation Expense

Appendix: Forms and Instructions for Completing Forms

- Exhibit I Acquisition of Capital Assets, Form CBS CA-01
- Exhibit II Donated Capital Assets, Form CBS CA-02
- Exhibit III Missing/Stolen Capital Asset Form, CBS CA-03
- Exhibit IV Request to Removal of Capital Assets, Form CBS CA-04
- Exhibit V Transferal of Capital Assets, Form CBS CA-05
- Exhibit VI Equipment Temporary Check-Out Form, Form CBS CA-06

Section 1-Introduction

1.1 Purpose of the Manual

The purpose of the manual is to provide procedures to ensure consistence in the recording and management of Capital Assets. This manual should be used by all principals, teachers, and Business Office employees to control and account for capital assets. Additionally, this manual implement procedures regulated by the laws of State of Louisiana, Office of Management and Budget (OMB) of the federal government, accounting principles and procedures promulgated by Governmental Accounting Standard Boards (GASB) and City of Baker School Board policies.

1.2 What are Capital Assets?

Capitol assets are major assets that benefit more than a single fiscal period; are nonexpendable; that is, if damaged or worn out, it can be repaired without being replaced; do not lose it's identity through fabrication or incorporation into a different or more complex unit.

Typical examples are land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, work of arts and historical treasures, infrastructure and various intangible assets.

1.3 Valuation of Capital Assets

Purchased capital assets should be valued at the historical cost. Historical cost of a capital asset should include all of the following:

- ancillary charges necessary to place the asset in its intended location (freight charges, for example)
- ancillary charges necessary to place the asset in intended condition for use (installation and site preparation charges, for example)
- capitalized interest

The historical cost of a capital asset should include the cost of any subsequent additions and improvements but exclude the cost of repairs.

Donated capital assets should be valued at fair market value at the time of the gift.

1.4 Policies for Capital Assets

The City of Baker School System must comply with *Louisiana Revised Statutes 17:87.6 and 24:515* and policies established by City of Baker School System. In accordance with *Louisiana Revised Statutes 24:515(B,)* the school system must maintain records of all lands, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial

cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

Louisiana Revised Statutes 17:87.6 stipulates that school board may sell, lease or otherwise dispose of, at public or private sale, for cash or on terms of credit, any school site, building, facility, or personal property which is not used and, in the judgment of the school board, is not needed in the operation of any school or schools within its jurisdiction.

The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (OMB Common Rule), Subpart C, section 32(d)(1)* states that property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

The City of Baker School Board Capitalization Policy stipulates threshold levels, useful life for capital assets, and depreciation method.

Capital Asset	Threshold	Useful Life	Depreciation Method
Movable Property	\$5,000	Varies	Straight-line
Buildings & Improvements	100,000	40 years	Straight-line
Leasehold Improvements	100,000	Lease Term	Straight-line
Land and Non-depreciable Land Improvements	Not capitalize	No useful life assigned for inexhaustible assets	Not depreciated
Depreciable Land Improvements	100,000	20 years	Straight-line
Infrastructure	3,000,000	40 years	Straight-line

1.5 Responsibility of Capital Assets

The City of Baker Parish School Board assigns the responsibility of all capital assets located at each school site to each principal and the Property Control Manager. The ultimate responsibility and supervision of all capital assets activity rest with the Director of Support Services.

The Director of Support Services, the Property Control Manager, principals, and all employees of the City of Baker School Board are required to comply with this manual, City of Baker School Board policies, Louisiana Revised Statutes, and laws of the U.S. Federal Government.

The assignment of responsibilities of capital assets is as designated below:

Position	Responsibility
Directors or Secretary	Office equipment and furniture
Property Control Manager	Warehouse equipments
Assistant Principal or Secretary	Coordinate
Secretary	Main Office Equipment and Furniture
Librarian	Auto visual and Computer Equipment and Furniture
Food Service Manager	Food service equipment and furniture
Band Director	Band equipment and furniture
Choir Director	Choir robes, piano and furniture
Computer Teacher	Computer equipment and furniture, if not handled by librarian
Special Education Teacher	Special Education Equipment and Furniture
Athletic Director/Coach or Physical Education Instructor	Sports and physical education equipment and furniture
Teachers	Classroom furniture and permanent equipment
Custodian	Grounds and maintenance equipment

The Director of Support Services will provide assistance in training and in explaining any policies, principles or procedures that personnel do not understand.

1.6 Safeguarding Inventory Records

Appropriate security measures should be taken by the Property Control Manager to protect all inventory records from theft, loss, unauthorized usage, fire, water damage, etc., and shall be maintained for a period of five years.

The City of Baker School Board assigns the responsibility of all capital assets located at each school site to each principal or school property coordinator. Appropriate security measures should be taken to protect each capital asset from theft, loss, unauthorized usage, fire, water damage, etc.

In the event any capital asset cannot be located or is missing from inventory, the principal or school property coordinator must submit a written explanation to the Property Control Manager and the Director of Support Services.

1.7 Responsibility to Report Violations

Any employee having knowledge of a violation of the policies and procedures outlined in the Capital Assets Manual are required to notify the Director of Support Services or the Superintendent immediately. No employee shall be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner regarding his/her employment for reporting a violation.

1.8 Audit of Records

All capital asset will be audited annually by an independent auditor. Capital assets found to be missing or in poor condition will be reported to the Director of Support Services and the Superintendent.

Section 2- Acquisition of Capital Assets

Purchasing and procurement procedures established by the City of Baker School System shall be followed for purchasing all capital assets. The accounting code used for capital assets are as follow:

Type of Capital Assets	All Funds, except Student Activity Funds	Student Activity Funds
Land and Improvement	77100	
Buildings	77200	
Equipment		
Machinery	77310	
Vehicles	77320	
Furniture/ Fixtures	77330	
Other Equipment	77390	

A copy of all purchase orders for capital assets executed should be forwarded to the Property Control Manager by the Procurement Officer.

The School Property Coordinator is responsible to notify the Property Control Manager and principal of new capital assets received, but has not been tagged and/or inventoried within 60 days of the receipt of the capital assets.

2.1 Capital Assets through City of Baker School System Procurement Officer

The following steps must be adhered to for capital assets purchased by the City of Baker School System.

Responsibility Person	Action
School Receiver Clerk	Upon the receipt of capital assets by the school, the School Receiver Clerk completes an Acquisition of Capital Asset Form (Form CBS CA-01). The completed form should be emailed to the Property Control Manager, with a copy to School Property Control Coordinator, if different for the School Receiver Clerk.
Property Control Manager	Reviews the Acquisition of Capital Asset Form to ensure that all information has been provided
Property Control Manager	Retrieves a copy of the Purchase Order for the Purchase Order File and attaches it to the Acquisition of Capital Asset Form.
Property Control Manager	Follows normal procedures for tagging Capital Asset, if a taggable asset
Property Control	Follows normal procedures for updating Capital Asset

Manager	Records
At the end of each month	
Payable Clerk	Navigates as follow after you have logged in the Pentamation System: Reports>Fund Accounting>Audit Trails> Expenditure Transaction Analysis.
Payable Clerk	Enters the following information: Year=The appropriate year. For example for fiscal 2004-05, the year would be 2005 Period= The appropriate number for the period. Example July=1 and March=9 Account Field=77100, 77200 and 77300 Click the OK button. Click Destination as printer and Click OK
Payable Clerk	Retrieves the reports from the appropriate printer and forwards them to the Property Control Manager
Property Manager	Compares reports with Acquisition Capital Asset Form to ensure all received capital assets have been tagged and capital asset record created.

2. 2 Capital Asset Purchased with Student Activity Account Funds

The following steps must be adhered capital assets purchased with Student Activity Account Funds.

Responsibility Person	Action
Sponsor	Completes an Acquisition Capital Assets Form (Form CBS CA-01) within ten (10) days after the receipt of capital asset.
Sponsor	Forwards the completed form to the Property Control Manager, along with a copy of receipt, invoice and copy of check.
Property Control Manager	Review the Purchased Capital Asset Form to ensure that all information has been provided
Property Control Manager	Follows normal procedures for tagging Capital Asset, if a taggable asset
Property Control Manager	Follows normal procedures for updating Capital Asset Records

2.3 Donated Capital Assets

The donor of Capital Assets must inform the Director of Support Services in writing by completing Donated Capital Asset Form (Form CBS CA-02) for capital assets

he/she desires to donate to the school system. The donor should provide evidence of ownership at the time the form is submitted to the Director of Support Services.

The City of Baker School System will only accept donations of capital assets that it deems useful.

Principals cannot accept capital assets until the Donated Capital Asset Form has been approved by the Director of Support Services. Upon the receipt of approval, the principal shall inform the Property Control Manager of the receipt of donated capital assets

The Property Control Manager must follow procedures for tagging and updating capital assets record.

Section 3 Tagging of Equipment

Property Tags are ordered and controlled by the Property Control Manager for all schools within the district. The description of tag identification will be as follows:

Property of the City of Baker School System
 Tag Identification Number _____

Special tag identification will be ordered for capital asset purchased with federal funds. These tags will include the description above with “Purchased with FEDFDS”.

The following steps are executed to tag capital assets.

Responsible Person	Action
Property Control Manager	Assigns tag identification number for movable capital asset received
Property Control Manager	Updates the Acquisition Capital Asset Form(Form CBS CA-01) with the tag number/s assigned and Capital Asset Record
Property Control Manager	Attaches the tag identification number to a copy of the Acquisition Capital Asset Form (Form CBS CA-01)
Property Control Manager	Forwards the tag and form to the School Property Control Coordinator
School Property Control Coordinator	Receives tag and form
School Property Control Coordinator	Affix tag to the capital asset as instructed per Section 3.3

3.1 Taggable Capital Assets

Movable capital assets with a unit cost of One Thousand Dollars (\$1,000) or more should be tagged by the City of Baker School System. The exception to this threshold cost is movable capital asset that is deemed by the City of Baker School System as being “attractive property”. The threshold for attractive property is Five Hundred Dollars \$500.

Attractive Property has the characteristics of small accountable property and subject to conversion to personal use. They include: VCRs, cameras, printers, monitors, and etc.

Land improvements, buildings and immovable equipment are not tag, but are include in the capital assets records. Immovable equipment is considered part of the building and not mobile. For example a new furnace, once it is installed, it is considered part of the building.

3.2 Location of Tags

Uniformity of tag locations will be maintained. Ease of access in the application of the tag, as well as subsequent inspection, should be the guiding principle. A tag should not be applied such that it defaces an asset. It also should not be affixed in a place that is difficult to reach or see.

Capital Asset	Location of Tags
Computer and Office Equipment, including monitors, and CPUs	Placed on the rear of the equipment as close to the manufacturer's tag as possible.
Furniture	Location varies with the different types of furniture. Desk and credenzas-inside of the right pedestal File cabinets-upper right hand side of the front of the cabinet Chairs-stem of the pedestal base
Automotive and Shop	Placed where a minimum of grease, oil, vibration and heat will be encountered.
Engineering and Scientific (microscopes, lab ovens, meter, etc)	Placed on the surface next to the manufacturer's plate
Grounds and Maintenance (mowers, vacuum and etc)	Place near the manufacturer's id, if possible
Appliances (stoves, refrigerators, microwaves)	Placed on the top right corner of the face of the appliances.

3.3 Replacement of Tags

It is the responsible of the principal, and or school property coordinator to inform the Property Control Manager of tag that has been worn, destroyed or mutated.

The Principal or School Property Coordinator must complete a Capital Asset Re-tag Form and emailed it to the Property Control Manager.

After the receipt of the Form, the Property Control Manager will reassign a tag identification number and forward the tag to the School Property Coordinator.

The Property Control Manager shall update Capital Asset record with the new tag identification number

Section 4 Updating Capital Assets Records

An excel database will be maintained and controlled by the Property Control Manager to account for capital assets owned by City of Baker School System.

The spreadsheet database will be used until a decision relative to the implementation of Pentamation System Fixed Asset Module has been made.

4.1 Addition of Capital Assets

The Property Control Manager updates spreadsheet fields with the appropriate information listed below. If it is the first time the capital asset has been acquired, the Property Control Manager should inform the Business Manager, so an asset class and useful life can be determined.

Field	Information to be Entered
No.	Enter the next count of capital asset being entered unto the spreadsheet
Tag No.	Enter the assigned tag identification number if taggable capital asset. For nontaggable capital asset, enter N/A
Description	A short description of each item no longer than 30 characters is placed in this field to give the reader the identity of each capital asset. For example, a piece of equipment will be identified as an "IBM Laptop Computer."
Asset Class	Enter the appropriate class B= Building C=Computer equipment L= Land E=Equipment I=Infrastructure K=Equipment in Lunch room
Make	Enter make of the equipment. If not equipment, enter N/A
Model	Enter the manufacturer model number, if applicable
Serial Number	Enter the manufacturer's serial number
Site/Location	Enter the appropriate location number 1-Baker Heights Elementary School 2-Baker High School 3 Baker Middle School 4-Bakerfield Elementary School 5-Park Ridge Elementary School 700-Central Office 800-Warehouse
Building	Enter the appropriate building code for the location
Room	Enter the appropriate room number
Cost	Enter the total of the unit
Useful Life	Enter the appropriate useful life based upon asset class Computers= 5

	Television and Office Equipments=7 Other Equipment=10 Infrastructure=15 Building=40
Account Code	The account code is the fund (two digits), object (three digits), and function number (four digits) of the general ledger account number from the check where payment was made. The object number can only be a 450, 710, 720, 730, or 732.
Date Acquired	The date acquired field should be a two-digit month and four-digit year that can be found by looking at the invoice date of the check where payment was made.
Source	The Source Code is a four digit numeric field that identifies what funding source purchased the capital asset. This is the accounting fund. A listing is below. 1000 General Fund 2100 Carl Perkins 2120 LA 4 2150 Work Force Development Fund 2200 Food Service Fund 2300 Adult Basic Education Fund 2400 Special Education IDEA Part B Fund 2411 Pre-GED Skills Option 2412 ESYF Extended School Year 2420 Special Education IDEA Preschool 2440 Special Education IASA 2460 Pre K to 12 Reading 2470 Gifted Education 2510 Teacher Quality Program 2520 Student Enhancement 2620 LATAAP 2630 LEAP 21 Tutoring 2640 Remediation 4100 TANF
Depreciation Code	A Depreciation Code is required for each category of Capital Asset when the cost (historical) reaches the required depreciation thresholds. Machinery Vehicles 01 Furniture/Fixtures 02 Other Equipment 03
Disposition Date	The date disposed should be a two-digit month and four-digit year the capital is disposed of.
Disposition Code	The Disposition Code is a one digit numeric field to identify how capital asset was disposed of. If required, one digit disposition codes are 1 Sold 2 Traded In 3 Lost 4 Stolen 5 Completed Construction-in-Progress 6 Scrapped
Condition of Capital Asset	This is a two-digit code that describes the condition of the capital asset at the time it was acquired. This code is update at

	<p>the time is asset is deemed unusable.</p> <p>01 New 02 Surplus Purchase 03 Obsolete 04 Worn out 05 Damaged</p>
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4.2 Removal or Disposal of Capital Assets

Location personnel are not permitted to dispose of capital assets. Capital assets will be disposed of in one of the following manners through the Business Office:

- a) Conduct a public sale.
- b) Donate to another appropriate agency.
- c) Return to Grant Agency.

All capital assets being held for a disposal sale will be transferred to location code 919 (Salvage). This location will contain and provide visibility of all assets being held for sale/disposal.

Technology personnel will coordinate movement, repair and disposal of all technology equipment. Technology equipment being held centrally for a disposal sale will be transferred to location code 919 (Salvage) until final disposition. All movement and disposal of technology equipment will be reported to Property Control using **CBS CA-04**.

Any property that is disposed of without following procedures will be in direct violation of District Policy

4.3 Obsolete Capital Assets

The procedures for removing an obsolete, broken or non-repairable item from inventory the following steps should be taken:

Responsible Person	Action
Teacher, Principal or Director	Complete Capital Asset Removal/Disposal Form for capital asset that has been identified to be removed or disposed
	Forward the Capital Asset Removal/Disposal Form to principal for approval
School Property Control Coordinator	Follows normal procedures for approval/disapproval of forms.
Principal	Follows normal procedures for approval/disapproval of forms
School Property Control Coordinator	Updates School Inventory Report of change and forwards a copy of the Disposal/Removal Disposal Form to the Property Control Manager.
Property Control Manager	Takes steps to removal asset to warehouse, updates Capital Asset Record and file forms.

4.4 Missing Capital Assets

When assets are discovered to be missing and there is no evidence of a physical break-in the Principal or the School Property Control Coordinator must conduct a through search of the premises. The Missing Asset Form must be completed and forwarded to the Property Control Manager and the Director of Support Services.

The Property Control Manager will change the asset's status to "missing". The items will remain in missing status for two years. If the assets are not located within the two years, the asset will be deemed lost and not reported in the school's inventory report.

4.6 Stolen Capital Assets

The person who discovers the theft/lost must report it to the school principal or department head.

If there are signs of a physical break-in, the principal must immediately contact the Director of Support Services and the local law enforcement agency. Upon the receipt of the enforcement agency police report, the principal must complete a Missing Capital Asset Form and attaches a copy of police report and forward it to the Property Control Manager.

The Property Control Manager will update the Capital Asset Record and file an insurance report, if required.

4.5 Transfer of Assets

Transfers are classified in two categories-internal or external transfers. Internal-transfers are transfers between class rooms or buildings within the school location, whereas external transfers are transfers between schools location.

Examples of these transfers are:

- a) Transfer of equipment from school site/department to Maintenance for sale/disposal.
- b) Transfer of equipment from one site to another
- c) Transfer to an outside source for repair
- d) Return of property to vendors for exchange or credit will be accomplished using Form

For both internal and external transfers, the Transfer Form must completed authorizing the transfer of capital assets

Internal transfer of all capital assets will be coordinated by the School Property Control Coordinator. A Transfer of Assets Form must be completed and maintained in the school file. At the time inventory is done, these transfers will be noted and the Property Control Manager will be notified and Capital Assets Record changed.

External transfer of all capital assets will be coordinated by the Property Control Manager. All returned property MUST be reported to Property Control.

4.6 Use of Capital Asset offsite

To remove capital asset from the premise of the City of Baker schools, the employee must complete a Request for Offsite Borrowed Form. The request must be approved by the department head and the principal. Once completed, this form covered the asset until it is returned to the school.

If an employee fails to complete the form, and the equipment is broken or stolen, the employee is responsible for replacement and/or repair.

4.7 Special Education Capital Assets

Capital assets purchased for Special Education Programs must adhere to the following guidelines.

- Capital asset purchased for specific use by special education programs must be in place in the school within ten working days.
- Any item purchased for Special Education should be affixed with a special tag identifying it as “Property of Special Education”. This tag is for identification purposes only. It does not qualify as an official property control tag.

Section 5 Inventories

5.1 Annual Inventory

Appropriate personnel will accomplish inventories annually on all capital assets. Results of these inventories will be reconciled, coordinated and reported as required by the Business Office to the Superintendent and School Board.

The Property Control Manager will coordinate with each responsible individual, i.e. school principals and department managers to conduct the inventory. Each location will receive 2 copies of their master inventory from the Property Control Manager.

Upon completion of the validation, the responsible individual will annotate changes, sign, date, and return copies of the master inventory report to the Property Control Coordinator. The Property Control Coordinator is vested with the responsible of ensuring that all inventory records for his site/location is submitted to the Property Control Manger on a time basis.

No adjustments to capital asset records will be accomplished without supporting documentation.

Responsible individuals will have a timeline to conduct their actual reconciliation. Any questions and/or assistance required should be directed to Property Control.

5.2 Textbook Inventory

Two physical inventories will be conducted each fiscal year. The first one is in August and the second one is done in May. The inventories will be coordinated by each school Property Control Coordinator.

A ***Textbook and Library Book Worksheet*** must be completed annually for the auditors and forwarded to the Director Support Services. The worksheet should show the following information:

Name of Textbook or Library Book

Author/s

Edition

Inventory at the beginning of the school year (Last's year ending inventory)

Current year purchases and additions

Inventory at the end of the year

Section 6 Capitalization and Depreciation of Capital Assets

6.1 When is a Capital Asset Capitalized and Depreciated?

Capital Assets are reported in the financial statements when the monetary threshold for capitalization reaches the value in the chart shown below. Depreciation expense is also recorded in the financial statements when the value of the Capital Asset reaches the thresholds shown below.

	Capitalization Threshold	Depreciation Threshold
Buildings	\$50,000	\$50,000
Building Improvements	\$50,000	\$50,000
Construction-In-Progress	1	Not applicable
Equipment	5,000	5,000
Land	1	Not applicable
Land Improvements	25,000	25,000
Vehicles	5,000	5,000

6.2 What Method is used to Calculate Depreciation Expense?

The City of Baker School Board uses the Straight Line Depreciation Method for recording depreciation expense and accumulated depreciation. Straight line depreciation is calculated by taking the purchase or acquisition price of a capital asset subtracted by the salvage value, if any divided by the total productive years the asset can be reasonably expected to benefit the Board.