

Fixed asset accounting is an important part of the stewardship responsibility of school officials. It allows school officials to properly account for the financial and economic resources of the school system. An inventory control system will be established for all tangible fixed assets owned or possessed by the board of education. The superintendent or designee shall ensure that a physical account of fixed assets is taken on an annual basis.

**A. DEFINITION OF FIXED ASSETS**

Fixed assets are items of tangible property, both real and personal, having a value of \$500 or more and an estimated useful life of one year or more. Fixed assets are distinguishable from intangible property, such as money or securities, and consumable tangible property, such as office supplies.

**B. CATEGORIES OF FIXED ASSETS**

For the purposes of accounting and inventorying fixed assets, they will be divided into the following categories.

1. Land: Real property owned in fee simple, easements, rights-of-way, leases, and other interests in land.
2. Land Improvements: Permanent improvements (excluding buildings as defined in subsection 3, below) that add value to the land or improve the use of land, such as sidewalks, parking lots, driveways, fences, and drainage systems.
3. Buildings: Any permanent or portable, man-made structure owned by the board of education and used to house or shelter persons or property, including schools, offices, warehouses, garages, sheds, and similar structures.
4. Equipment: Any portable, tangible personal property not permanently affixed to real property that is owned, leased, or used by the school system, including such items as machinery, tools, furniture, computers, and other technology equipment.
5. Vehicles: Any motor vehicle owned by the school system.
6. Construction in Progress: Any uncompleted building or other capital construction project, including buildings, improvements, and equipment. When the project is complete and placed in service, the cumulative costs are transferred to the appropriate category(ies) of fixed assets as listed above.

**C. RECORDKEEPING**

The superintendent or designee shall develop an appropriate recordkeeping, inventory, and

valuation system for the school system's fixed assets.

Legal References: G.S. 58-31A-35; 115C-36, -47, -102.6A(c)(5), -523

Cross References:

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