

## **FIXED ASSETS PROCEDURES**

Document ID: 8.1.0.1

Document Owner: *Accounting*

Date Revised: 1/18/2019

Approval: *CFO*

Date Created: 8/1/2010

### ***Fixed Assets***

It is the District's responsibility to safeguard its assets. Taxpayers have gone to great lengths to afford capital to invest in fixed items needed to educate students, and to maintain facilities.

### ***Overview***

- ☐ Budget coding of expenditures for capital outlay
- ☐ Maintaining a fixed asset inventory
- ☐ Maintaining additional inventories of items purchased as supplies, but which have a useful life extending beyond the year of purchase
- ☐ Maintaining inventoried supplies that have a tendency to move or get misplaced frequently

Items meeting the criteria for capital outlay must be accounted for within inventory until retired by either sale, theft, or scrap. Inventories are also required for certain types of supplies which either have a useful life of three or more years, the tendency to move, or to get misplaced. Finally, *principals* and *department administrators* may elect to maintain inventories of other supply items if they believe the District would benefit from the added accountability.

### ***Policies Adopted by the Board of Trustees***

These policies are related to District property and assets:

- ☐ School Property Disposal – C (Legal)
- ☐ School Property Disposal – CI (Local)

### ***Implementation***

This procedure becomes effective July 1, 2017. A physical inventory will be performed during the summer of 2017.

### ***Fixed Assets and Inventories***

#### **Objectives of Fixed Asset Accounting**

A good fixed asset accounting system is necessary to fully utilize all available assets, to provide management information for planning insurance and other purposes, and to satisfy a fiduciary responsibility to the community to manage an investment of many millions of dollars. Additionally, GASB requires additional records for audit purposes.

#### **Accounting Needs**

The District must maintain an accurate record of the annual budget and expenditures for capital outlay. The District must also maintain an inventory of all items originally purchased as capital outlay and still owned. This inventory must include the historical

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cost of each asset in order to provide certain financial data in the annual financial statements. A physical inventory must be taken periodically to verify the existence of the assets reported in the annual audit. Expenditures for these items are referred to as capital outlay, and these same items in the inventory list are referred to as capitalized assets.

### **Safeguarding of Assets and Other Needs**

The inventory maintained for accounting purposes includes only items costing \$5,000, or more. The physical inventory of capitalized assets helps safeguard the District's investment in the more expensive assets. Many items are purchased that are classified as supplies, which have a useful life of several years. Some of these items, such as electronic equipment and tools, are highly susceptible to theft. An inventory process for these items will provide more accountability. It will also provide information necessary to plan for technology requirements, and to locate warranty information. Inventories beyond those required for accounting will be maintained whenever it is considered cost beneficial. These items are referred to as inventoried supplies.

The information required for record keeping of inventoried supplies is less than for capitalized assets. For example, cost information on inventoried supplies is optional and it does not have to be reconciled in the accounting records and reported in the annual financial report.

### **Coding of Specific Items**

#### **Constructed Assets**

Constructed assets should be treated as one project. For example, a building renovation project may involve many individual purchases. However, all activity related to a project should be aggregated. All of the related purchases should be charged to the same expenditure account, and the total cost of the asset should be recorded in inventory as one asset. Constructed assets would also include equipment.

#### **Examples of Fixed Assets**

- Computer (CPU) or laptop
- Switches / servers
- Printers
- Docking stations / computer monitors,

#### **Furniture**

The vast majority of items considered as furniture cost less than \$5,000. Accordingly, purchases should usually be charged to supplies. Furniture will not be tagged and inventoried on an individual basis due to the relatively low risk of loss.

#### **Building Improvements**

To be capitalized costs of improvement must extend the useful life of the asset, change the potential use of the building, or improve the usability of the facility for the original purpose. If the costs only keep the facility suitable for the intended use, it is a repair.

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Capitalization of building improvements or betterments can also be complicated because, the original costs of items replaced should be removed. For example, if the air conditioning system is replaced, the cost of the original system should be replaced. However, information about the original cost is often impossible to find. This guidance is to establish a practical procedure that is relatively easy to apply and which should result in a materially accurate record of facility costs.

Costs of major repairs and renovations should be capitalized when they exceed \$25,000, for major facilities and when they exceed \$5,000 for smaller buildings, such as portable buildings. The original costs of assets replaced should not be removed unless separately identifiable in the asset inventory. Painting should not be capitalized unless it is part of a larger renovation project.

### ***Inventoried Items***

#### **Required Items**

These types of items are required to be inventoried across the District due to the risk of theft or loss and/or the need for management information purposes.

- ☐ Computer monitors;
- ☐ DVD players,
- ☐ Printers; and,
- ☐ Other computer peripheral equipment specified by the *technology department*.

#### **Coding for Expenditures**

Inventoried supplies will generally originate as a purchase charged to supplies (object: 6399). There is not a specified account object code as there is for capital outlay.

#### **Information to Maintain the Asset Inventory**

For capital outlay, or any other inventoried item, the *business office* will record most data from purchase orders and invoices. The receiving department will be responsible for providing the fixed asset ID#, serial number, and other data not provided on the purchase order and invoice. *Inventoried goods are only shipped to technology, maintenance, or the business office for cataloging and receiving.*

### ***Receiving Assets***

#### **Departments**

Support departments will be responsible for tagging capital outlay and required inventoried supplies received at their location. The *department head* should usually designate one person as responsible for maintaining records of capital outlay items and inventoried supplies, and for tagging assets.

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### **Procedures for Receiving Assets**

- ☐ Follow District procedures for receiving goods (see Section 4.1.0.1 Requisitions / Purchase Orders / Receiving);
- ☐ After an asset is accepted in delivery, peel off the next tag in number sequence and affix the tag to the asset;
- ☐ Record all information on the Fixed Asset ID Log;

### **Fixed Asset ID Tags**

Every item added to inventory will be assigned a unique number for identification. This is the fixed asset ID number. An identification label with bar coding will be used for certain types of assets. Tags are kept and issued in the *business office*. Red asset tags represent assets purchased with general funds. Yellow asset tags represent assets purchased with grant funds.

### **Placement of Tags**

- ☐ Tags should generally be placed in an area that is readily visible, making scanning easier;
- ☐ Room ID tags should be placed on the hinge of the prominent door of the room;
- ☐ Tags should be stuck to the surface that is relatively smooth for proper bonding;
- ☐ CPUs are to be tagged on the left of the front of the device;
- ☐ Large monitors, televisions also on the front left of the device or front left rear corner edge; and
- ☐ If an asset cannot be tagged, the *fixed asset clerk* should be contacted for instruction.

### **Donated Assets**

Donated assets should be treated in the same manner as purchased assets. The biggest difference is that cost is not a factor and we must establish a 'fair market value'. Upon receipt of donated assets that might fall into the category of inventorial items, contact the *business office* to arrange for establishment of values.

### **Assets not requiring tags**

The following classes and categories of assets are not tagged:

- ☐ Land
- ☐ Grounds improvements
- ☐ Buildings and improvements
- ☐ Furniture
- ☐ Vehicles
- ☐ Fine Arts Instruments

The first three are generally immobile. Furniture is not considered to be subject to a high degree of risk due to theft or other loss. Vehicles can be identified without tagging. Fine arts instruments cannot be tagged due to the size of some instruments and appearance; the serial number will be used for specific identification of fine arts instruments.



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### **Fixed Asset ID Log**

All information should be completed on the log. An example of the information required can be found on the last page of this section. This section provides additional explanations for location and responsibility codes.

### **Transfers of Inventoried Assets**

Transfers involve changes in location and/or moving assets to storage.

### **Procedures for Transfers**

- ☐ The “mover” shall be the recorder of asset transfers; special attention should be placed on the mover. The mover would be *technology* for their devices, maintenance for their items, etc. The simplest way to move assets is to put in a work order. If a support department moves the items, they will ensure the locations *are maintained and* updated. Consideration should be given to the department that is the custodian of the asset; the department should be contacted before a move takes place (example: CPUs moved between rooms on a campus *should be handled by technology*).
- ☐ Utilize the work order system to request asset moves (*see Section 9.1.0.1 Work Orders*).

### **Disposal of Assets**

The disposal of assets should be done in accordance with the *business office*. Disposal includes sales, trades, scrapping of assets, *or auctions*.

### **Procedure for Removing Assets from Inventory**

The assets should be identified and arrangements for disposal should be made with the *business office*. The procedures for removing assets from inventory are as follows:

- ☐ *Maintenance* will send a list of Fixed Asset ID #'s to the *business office*;
- ☐ *Business office* will print a list and sign to indicate approval;
- ☐ *Maintenance* will verify the list and sign to indicate approval;
- ☐ The list will be sent to the *assistant superintendent* for authorization; and, in cases where the disposal will not involve maintenance, the campus or department that disposes of the assets will verify the list (example: *technology*).

### **Physical Inventories of Assets**

The *business office* is responsible for coordinating the periodic physical verification of those items that are required to be inventoried. The physical inventory should be performed by someone independent of the employee responsible for the items.

Verification may be done on a test basis. The frequency of the inventory and the extent of verification should be reasonable considering the value and the inherent risk in safeguarding the item.

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There will be items which cannot be located in a physical inventory. There should be procedures to investigate and determine the cause for disappearance of inventoried items. The extent of the procedures should be reasonable considering the value of the item and other circumstances. Frequent and unexplainable disappearance of items, which are at a particular location or department, or under the responsibility of a particular *principal* or *department head*, should be reported to the *assistant superintendent*.

For items not required to be tagged, except fine arts instruments, the *business office* will periodically review the inventory and delete items which are no longer in existence, such as parking lots, buildings, and playground equipment.

### District Fixed Asset Liaisons

Superintendent's Office – Sandra Kettler

West High School – *Shona Maler*

West Middle School – *Shona Maler*

West Elementary School – *Vickie Herrera*

Brookhaven Youth Ranch – *Pam Gajdosek*

DAEP – *Jana Pratka*

Nursing – Terry Tobola

Teaching and Learning – Amanda Adams

Special Education – Carla Sykora

*Counseling Services – Pat Lee*

Athletics – David Woodard

Fine Arts – *various*

Business Office – Sara Gerik

Maintenance – Brian Renegar

Food Service – Cathy Gerik

Transportation – Kevin Maler

Custodial – Brian Renegar

Technology – Brandon Crow

### ***Data entry – Skyward entry of Fixed Assets***

The following are the fields and their descriptions for entering fixed assets or inventoried goods in the Skyward database. Some attributes will only be populated if known and are noted in detail below. Once the process is “turned back on” the items will populate to the asset system via the requisition system and all attributes will be caught at that time.

- ☐ Asset Key: A unique identifier per item assigned by Skyward. This cannot be altered.
- ☐ Active: Signifies if the asset is retired or in use (yes/no).
- ☐ Item: This is used as a category and is a drop down list. An example would be 71-10 lift, 76-1 Telephone, 76-2 Laptop, 76-3 Docking Station, 76-4 Monitor, 76-5 (*item category code*). *The 76 signifies the responsible department owner. The last number has no relevance.*
- ☐ Type: This is the *inventory supply / inventory asset* of the owning department.
- ☐ Vendor: Accounts payable vendor the item was purchased from.

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- ☐ Class: **Depreciation class.**
- ☐ Description: Basic description; an example would be Monitor, Flat Screen, or Laptop.
- ☐ Description: Second field description; copy and paste first description field to populate.
- ☐ Asset Account No: The fund 901 asset account (901 A 00 1549 00 000 0 00 000)
- ☐ Source Account No: The equity account no for assets (901 Q 00 3200 00 000 0 00 000).
- ☐ Update Account: As in a purchase order, assign the procurement account and allocate percentages.
- ☐ Model Number: Model number of the item.
- ☐ Purchase Order Number: If known, it should be populated or looked up. The system will link to the requisition system.
- ☐ Manufacturer: Brand of item.
- ☐ Invoice Number: The invoice number of the procured item should be entered, if known.
- ☐ Invoice Date: The item invoice date; if known.
- ☐ Check Number: The check that paid for the item; if known.
- ☐ Check Date: The date of the check that paid for the item, if known.
- ☐ Replacement Cost: Research via Google. **Insured cost is also the same as replacement cost.**
- ☐ Purchase Cost or Original Cost: Estimate or blank at this time.
- ☐ Site / Building: This is a drop down menu **consisting of insurance location numbers.**
- ☐ Floor:
- ☐ Department: Department is the responsible party that procured the asset and is responsible for the asset. An example of a laptop at the high school would be: Class 76 for technology, and department could be 20 to signify the user of the asset.
- ☐ Assigned To: This is used for items assigned to a staff member. An example would be a teacher's iPad or the principal's laptop. This is a drop down that has staff names available for assignment.
- ☐ Tag Number: The asset tag number placed on the asset by the District. Yellow is for federally funded assets. Red is for all others.
- ☐ Serial Number: The unique vendor placed number of the item.
- ☐ Last Inventoried Date: **??**
- ☐ Detail Location: **room number??**
- ☐ Condition: A-Excellent, B-Good, C-Fair, D-Poor
- ☐ Disposition / Addition: Click add and a record of the date and time the asset was added will be entered.

### **Available Skyward Reports**

Assigned Assets Report – listing of assets assigned to a staff member

Historical Current Value – not set up

Fixed Assets Input Form – Listing of all attributes of a particular item

Location Change Report – audit trail report

Maintenance History – not set up

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Physical Inventory – physical inventory sheets

Property Control – listing of assets by building, or site

Site / Building / Floor / Room – listing of assets by any of the preceding

Source Expense – not set up

Fixed Asset Receipt Log

Date: \_\_\_\_\_

Asset Tag	Description	Serial Number	Brand	Room #	PO #	Vendor	Receiving Date

### Routing

- ☐ Campus or Department complete form in its entirety
- ☐ Send form to *business office*

## RECORDS RETENTION

Document ID: 8.2.0.1

Document Owner: *Accounting*

Date Revised: 1/18/2019

Approval: *CFO*

Date Created: 8/1/2010

The District's records retention is administered by the *business office*. The Texas State Library & Archives Commission establishes retention guidelines and suggested lengths of time to retain documents. The retention schedule with all information regarding destruction dates is maintained in the *payroll office*. Records that are due for destruction are pulled and a shredding vendor is issued a contract to shred. This usually occurs during the summer.