

Fixed Assets Overview

What is a “Fixed Asset”?

As detailed in the FASRG, fixed assets have three criteria. In order for a purchase to be classified as a fixed asset, the item(s) must satisfy *all three* of the following requirements.

1. **Per-unit cost** of OVER \$5,000
 - a. Includes “ancillary costs”***
2. **Tangible** item that can be easily identified & tracked
3. Has a useful life **LONGER than 1 year**

These capital assets are grouped into major categories like Buildings, Vehicles, Land, as well as Furniture & Equipment. Each of the asset categories use different expense accounts, and are depreciated over different timeframes. For example, buildings are depreciated over 50 years, while vehicles have a useful life of 10 years, and computer equipment may be as short as 5 years.

Why do we care?

In short, we’ll get in trouble if we don’t track/depreciate them separately...

Texas school districts are required by TEA to record capital assets a little differently than every-day transactions. Whereas office supplies are coded to expense accounts for supplies (639X), capital assets are coded to the capital expense account codes (66XX). Each time that a fixed asset is purchased, a corresponding asset is created in Skyward’s asset tracking program. Then, at the end of each month, the Business Office compares the total of all the capital asset accounts, against the total of all the assets in Skyward to ensure that they agree. (the short answer is that we’ll get in trouble if we don’t track them separately...)

What do I need to do about this?

Unless you are going to be purchasing something with a per-unit cost over \$5,000, you don’t have to worry about this. If you are looking to buy a piece of equipment that costs more than the \$5,000 capitalization threshold, you will need to use account 6639 on the requisition.

**IF YOU HAVE QUESTIONS, PLEASE CALL ZACH @ ext.1109
BEFORE YOU SUBMIT THE REQUISITION**

***Ancillary costs include any additional costs required to buy an asset & place it in service. For example, ancillary costs for a new projector could include things like shipping, installation, mounting hardware, & cables.