

# SABINE INDEPENDENT SCHOOL DISTRICT PROCEDURES

## Fixed Asset Tracking

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### **Goal:**

An up-to-date inventory of all equipment, vehicles, and buildings with a unit value greater than \$5,000 shall be maintained for audit purposes. In addition, an up-to-date inventory of all electronic equipment shall be maintained for insurance purposes by the Business Office. An inventory of other small equipment shall be tracked by the respective campus or department.

There are several types of asset as noted below that may be acquired through purchase, construction or a donation (gift):

- Land
- Buildings
- Improvements, other than buildings
- Vehicles
- Machinery
- Furniture
- Equipment

At the present time, the district does not have any intangible assets such as trademarks, copyrights, royalty interests, right-of-way easements, or internally generated computer software.

### **Fixed Asset Functions:**

- The Business Clerk shall maintain an up-to-date database (Ascender Asset Management) of all fixed assets and inventory items.
- The database shall include the following information, at a minimum:
  - A description of the equipment
  - Serial number or other ID
  - Funding source
  - Who holds title
  - Original acquisition date
  - Original cost
  - Percent of federal participation
  - Location
  - Use and condition
  - Disposition date
- Upon receipt of a Fixed Asset/Inventory Transfer form, the Business Clerk shall post the change to the database and file the form for audit purposes.
  - All items identified by department directors as surplus or salvage shall be tracked on the database.

### **Changes to Assets**

The total assets and their value may change throughout the fiscal year. Assets will be recorded at the purchase cost (total cost required to place asset in use, less any credits) or donated value at the time of acquisition.

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Maintenance costs are not recorded as assets; however, all additions and betterments to existing assets shall be capitalized at cost when acquired and/or constructed, as applicable. Damages to assets should be recorded to reflect the difference between the cost of replacement or restoration and the insurance or other contributions received as reimbursement. If there is a complete loss of an asset, the old asset should be written off by a debit to the investment and a credit to the appropriate capital asset account.

Other changes to assets may occur due to disposal or assets as noted below.

### Monthly Reconciliation:

- ❑ **Fixed (Capital) Assets (C) shall be defined as:** All equipment with a unit cost over \$5000 (account codes 663X) should be tagged, posted in the Fixed Asset System and posted to the general ledger (Fund 902). These items are defined as fixed assets for audit purposes. These assets are also tracked on a spreadsheet for the purpose of calculating the annual depreciation expense.
- ❑ **Other small equipment shall be defined as:** All equipment defined as “personal use items” such as laptops, I-Pad, digital cameras, calculators, etc. with a unit cost between \$500 and \$1,000 shall be tracked by the respective campus or department.
  - **The campuses and library have opted to use the Library Automation software (Follett) to track and issue the small equipment to students and/or staff.**
  - **The technology, maintenance, food service, custodial and transportation departments shall track their respective small equipment such as tools, small equipment, etc.**
- ❑ All inventory and fixed asset items shall be tagged by the Business Clerk upon receipt before delivery to the campus or department.
- ❑ A capital outlay report shall be generated at the end of each month by the Business Clerk for reconciliation of the assets database.
  - Donated assets shall be recorded on a **Donation Form** and forwarded to the Business Clerk for tagging and recording purposes.
- ❑ All items on the capital outlay report shall be reconciled with the new inventory and fixed asset items tagged during the month.
  - The total 663X expenditures should be added to the fixed asset system and general ledger.
  - The total 664X expenditures should be added to the inventory system.
  - The Transportation Director shall prepare all Application for Vehicle, Title, and License Plate forms for all new vehicles purchased by the district and submit the forms to the Gregg County Tax Office for processing.
  - The Director of Business Operations shall notify the auto insurance carrier of the new vehicles.
- ❑ All construction expenditures should be recorded on a spreadsheet by project.
  - The total 662X expenditures should be added to the fixed asset system and general ledger (Fund 901).
- ❑ All inventory and fixed asset transfer forms received from campuses and departments shall be entered in the fixed asset system upon receipt.
- ❑ All inventory or fixed asset items purchased with federal grants should be tagged and the appropriate federal grant code indicated on the item.

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- ❑ The disposal of assets via surplus sales, stolen, or lost assets shall be recorded in the fixed asset system.
- ❑ The inventory and fixed asset schedules maintained in the fixed asset system should be used to purchase property and casualty insurance.

### Accounting for Assets:

- ❑ All capital assets shall be recorded on the general ledger under fund code 901.
- ❑ **Examples of Accounting Entries** for assets are included in the Appendix section.

### Annual Reconciliation:

- ❑ Annually, by April 1<sup>st</sup>, a list [sorted by room #] of all inventory and fixed asset items should be sent to each campus and department for reconciliation purposes.
- ❑ The reconciliation process should be complete by May 1<sup>st</sup>, and all changes posted on the fixed asset system soon thereafter.
- ❑ All discrepancies and/or missing items should be compiled in a summary report and forwarded to the appropriate campus and/or department administrators.
- ❑ The staff members (teachers) should not be released for the summer until all missing items have been accounted for.
- ❑ A list of all fixed capital assets (over \$5000 unit cost) should be prepared by July 15<sup>th</sup> for audit purposes.
  - ❑ Assets (Buildings, Equipment and Vehicles)
    - ❑ All assets shall be posted to the finance general ledger via JV to the appropriate object code (Buildings 1520, Equipment – 1530 and Vehicles 1531).
    - ❑ The date of the final payment shall be used to determine the acquisition date. If the asset was on hand less than the full fiscal year, the depreciation shall be pro-rated over the appropriate number of months.
    - ❑ The useful life of assets shall be:
      - ❑ Buildings – range between 5 and 30 years depending upon whether the asset is a new building, improvement or upgrade to building systems.
      - ❑ Equipment – range between 5 and 10 years depending on the type and cost of the asset.
      - ❑ Vehicles - range between 5 and 10 years depending on the type and cost of the vehicle.
    - ❑ The assets shall be posted to the Fixed Assets Excel spreadsheet to properly depreciate the assets.
  - ❑ Construction in Progress:
    - ❑ The list should include all “construction in-progress” through June 30<sup>th</sup>, including accounts payables and retainage.
    - ❑ Construction in Progress (CIP) is defined as an asset that is not completed (such as a building or other construction project) as of the end of the FY (June 30<sup>th</sup>)
    - ❑ The CIP shall include all payments to the vendor(s), including retainage, as of the end of the FY.
    - ❑ The CIP shall be posted via a JV to the finance general ledger to object code 1530 in fund 901.
    - ❑ Subsequently, when the project is completed and the final payment made, the asset shall be posted to the appropriate asset object code.

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- The lists should be reconciled with the general ledger and submitted to the Director of Business Operations for review and approval of all JV adjustments to assets and CIP.
- The fixed asset depreciation schedule and spreadsheet will be prepared by the Director of Business Operations for audit purposes.
- Throughout the fiscal year and at the end of the fiscal year, the Director of Business Operations shall determine if any impairments of assets have occurred. If so, the Director of Business Operations shall prepare documentation to support any changes in assets.

### **Fixed Asset Disposal:**

- All items disposed of shall be removed from the database system by the Business Clerk.
  - Ascender Asset Database coding
    - Change the status code from A (Active) to I – Inactive
    - Enter the disposal date: \_\_\_\_\_

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### Use of Federally Funded Assets:

The management of assets purchased with federal grant funds (whether 100% or partially), shall be in accordance with 2 CFR Part 200 – Property Standards (excerpt included in the Appendix section).

- ❑ All federally funded equipment shall be used, as long as needed, for the original grant project, whether or not the project continues to be federally funded.
- ❑ Assets shall be made available for other projects as long as the use does not interfere with the project under which it was originally acquired (it may be appropriate to split or share the costs of the equipment with other fund sources so that each program bears its fair share).
- ❑ When no longer needed for the original grant project, equipment may be used in other federally supported activities (if purchased with state funds, would be used in another state program).

### Disposal of Federally Funded Assets:

- ❑ When equipment is no longer needed for the original project or another federally funded project, Sabine ISD shall dispose of the equipment in the following manner:
  - Equipment with current fair market value of *less than \$5,000* may be retained, sold, or otherwise disposed of with no further obligations to TEA.
  - Equipment with current fair market value of *\$5,000 or more* may be retained or sold but TEA shall have right to the proceeds.
- ❑ TEA reserves the right to transfer title to another grantee for noncompliance or as needed after the project ends (regardless of how equipment is classified).
- ❑ At the conclusion of a local grant project, TEA may request a list of equipment purchased with grant funds. The grantee must request disposition instructions from TEA. For most TEA discretionary grants, if a local project is ending and the grantee no longer needs equipment purchased with grant funds, and if the equipment is relatively up-to-date and in good working order, TEA, at its discretion, may instruct the grantee to transfer the equipment to another viable grantee.
- ❑ Disposal of all federally funded assets shall be tracked in the fixed assets database, including a disposition date and method for audit purposes.

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### **Appendix**

Fixed Assets Transfer Form  
Donation Form  
Monthly Asset Accounting Workflow  
Examples of Asset Accounting Entries  
Life and Death of an Asset  
Federal Grant Property Standards (2 CFR, Part 200)