

# BURKBURNETT 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 equipment with a unit value between \$1,000 and \$5,000 and an inventory of other small equipment shall be tracked by the respective campus or department.

### Fixed Asset Functions:

- The Accountant shall maintain an up-to-date database (auditor produced depreciation schedule, log of additions/deletions) of all fixed assets.
- The database shall include the following information, at a minimum:
  - A description of the equipment
  - Serial number or other ID
  - Original acquisition date
  - Original cost
  - Percent of federal participation
  - Use and condition
  - Depreciation Method
  - Useful life
  - Disposition date
- Upon receipt of a Fixed Asset/Inventory Transfer form, the Accountant shall post the change to the database and file/save the form for audit purposes.
  - A list of all salvage items shall be submitted to the Director of Finance for approval prior to a public sale or auction. The signed list shall be maintained for audit purposes.
  - All items sold via a public sale, auction, or disposal shall be removed from the fixed assets database.

### Quarterly Reconciliation:

- Fixed (Capital) Assets (C) shall be defined as:** All equipment with a unit cost over \$5000 (account codes 663X) should be tagged immediately upon purchase, posted in the Fixed Asset System. These items are defined as fixed assets for audit purposes.
- Inventory (I) shall be defined as:** All equipment with a unit cost over \$1,000 but under \$5,000 should be tagged and shall be tracked by the respective campus or department.
- 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.
- All inventory and fixed asset items shall be tagged by the appropriate campus or department upon receipt.
- A capital outlay report (66XX Expenditure Journal) shall be generated at the end of each month or at least quarterly by the Accountant for reconciliation.
- All items on the capital outlay report shall be reconciled with the new inventory and fixed asset items added quarterly to Additions to Capital Assets worksheet.
  - The total 663X expenditures should be added to the fixed asset system.
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- ❑ The Director of Finance or designee shall prepare all Application for Vehicle, Title, and License Plate forms for all new vehicles purchased by the district. [The Application for Vehicle Registration, Titles, and License Plate procedures shall be followed in securing the documents.]
  - ❑ The Director of Finance or designee shall submit the forms to the Wichita County Tax Office for processing.
  - ❑ The Director of Finance or designee shall notify the auto insurance carrier of the new vehicles.
- ❑ All construction expenditures shall be recorded on the Additions to Capital Assets worksheet by project.
  - ❑ The total 6629 expenditures should be added to the fixed asset system.
- ❑ All inventory or fixed asset items purchased with federal grants should be tagged and the appropriate federal grant indicated on the item.
- ❑ 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.

### **Annual Reconciliation:**

- ❑ A list of all fixed assets (over \$5000 unit cost) should be prepared by September 15<sup>th</sup> for audit purposes.
- ❑ A list of all construction assets should be prepared by September 15<sup>th</sup> for audit purposes. The list should include all “construction in-progress” through August 31<sup>st</sup>, including accounts payables and retainage.
- ❑ The lists should be reconciled with the general ledger.
- ❑ The fixed asset additions/deletions spreadsheet should be prepared by September 15<sup>th</sup> for audit purposes.

### **Fixed Asset Disposal:**

- ❑ All efforts will be made to obtain the best return value to Burkburnett ISD and consideration will be made to responsible protection of our environment.
- ❑ Burkburnett ISD identification will be removed from items as part of the sales process. Any items that might contain data or any association with Burkburnett ISD will be cleared or disposed of in a manner that ensures the data is destroyed (example: hard drives will not be sold, but would be destroyed to prevent any possible data recovery).
- ❑ The follow 3 steps would be the method of disposal. [Exception for federally funded assets below]
  - ❑ Garage type sale. Generally standard items will have a sale price establish on the disposal list that will serve as the garage sale price. Other unique items will have a starting minimum price as established on the disposal list, but will be sold on a silent auction basis.
    - Two types of items will be identified – standard and unique.
    - Preset prices will be established for “standard” item as shown on the approved disposal list. A few items will be marked as “unique” and will be sold using a silent bid format with the last and highest bid being the sales price as long as it exceeds the minimum value.
    - The unique items sale price will be the last highest price as reflected on the item bid sheet at the close of the sales day.
    - Employees have a preview to see what is for sale and to identify items that may have some instructional value for re-use in their classrooms and/or offices

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- Employee pre-sale sale 1 day prior to the public sale
- Public sale for a designated period of time
- All prices on standard items, as posted on the disposal list, will be in effect until 1 hour prior to the close of the sale at which time the prices may be reduced by 50%.
- Unsold items that are suitable for sale shall be retained in storage for the next surplus sale.
- Recycling. Items that are not sold during the garage sale will be disposed through recycling if possible.
- Trash – Items that are not disposed of through recycling will be considered trash and disposed of as trash.
- All Capital Asset items disposed of shall be removed from the fixed asset system by the Accountant.
- The Accountant shall reconcile and Accounts Payable Clerk deposit all monies collected at the surplus sale, online auction sales are deposited automatically to First Bank.
- All surplus revenue shall be deposited to a miscellaneous revenue account in the General Fund (199), with the exception of surplus revenue from the sale of Food Service equipment which shall be deposited to the Food Service Fund (240).

### Use of Federally Funded Assets:

- 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, Burkburnett 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.